

REFINITIV

# DELTA REPORT

## 10-K

RS - RELIANCE STEEL & ALUMINUM

10-K - DECEMBER 31, 2023 COMPARED TO 10-K - DECEMBER 31, 2022

The following comparison report has been automatically generated

**TOTAL DELTAS** 7021

█ CHANGES 355

█ DELETIONS 5626

█ ADDITIONS 1040

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

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FORM 10-K

(Mark One)

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended December 31, **2022 2023**

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from \_\_\_\_\_ to \_\_\_\_\_

Commission file number: 001-13122

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Graphic

**Reliance, Inc.**

(Exact name of registrant as specified in its charter)

Delaware

95-1142616

(State or other jurisdiction of  
incorporation or organization)

(I.R.S. Employer

Identification No.)

16100 N. 71st Street, Suite 400

Scottsdale, Arizona 85254

(Address of principal executive offices, including zip code)

(480) 564-5700

(Registrant's telephone number, including area code)

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Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, \$0.001 par value	RS	New York Stock Exchange

Securities registered pursuant to Section 12(g) of the Act: **None**

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Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes  No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes  No

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes  No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes  No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer

Accelerated filer

Non-accelerated filer

Smaller reporting company

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Indicate by check mark whether the registrant has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report.

If securities are registered pursuant to Section 12(b) of the Act, indicate by check mark whether the financial statements of the registrant included in the filing reflect the correction of an error to previously issued financial statements.

Indicate by check mark whether any of those error corrections are restatements that required a recovery analysis of incentive-based compensation received by any of the registrant's executive officers during the relevant recovery period pursuant to §240.10D-1(b).

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). Yes  No

The aggregate market value of the voting stock held by non-affiliates of the registrant, based on the closing price on the New York Stock Exchange on June 30, 2022 June 30, 2023 was approximately \$10,280,000,000 \$15,790,000,000. For purposes of this computation, it is assumed that the shares of voting stock held by directors and officers would be deemed to be stock held by affiliates. As of February 24, 2023 February 23, 2024, 58,979,530 57,425,425 shares of the registrant's common stock, \$0.001 par value, were outstanding.

#### DOCUMENTS INCORPORATED BY REFERENCE

Portions of the registrant's definitive Proxy Statement for the 2023 2024 annual meeting of stockholders to be held on May 17, 2023 May 15, 2024 are incorporated by reference in Part III.

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SIGNATURESTable of Contents**FORWARD-LOOKING STATEMENTS**

In February 2024, we changed our corporate name from Reliance Steel & Aluminum Co. to Reliance, Inc. We will not distinguish between our prior and current corporate name and will refer to our current corporate name throughout this Annual Report on Form 10-K. Unless otherwise indicated or required by the context, as used in this Annual Report on Form 10-K, the terms "Company," "Reliance," "we," "our," and "us" refer to Reliance, Inc. (formerly Reliance Steel & Aluminum Co.) and all of its subsidiaries that are consolidated in accordance with U.S. generally accepted accounting principles. This Annual Report on Form 10-K and the information incorporated by reference contain forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. We may also provide oral or written forward-looking information in other materials we release to the public. Our forward-looking statements may include, but are not limited to, discussions of our industry and end markets, our business strategies and our expectations concerning future demand and metals major commodity product pricing and our results of operations, margins, profitability, impairment charges, taxes, liquidity, capital expenditures, macroeconomic conditions, including inflation and the possibility of an economic recession or slowdown, slowing macroeconomic growth, litigation matters and capital resources. In some cases, you can identify forward-looking statements by terminology such as "may," "will," "should," "could," "would," "expect," "plan," "anticipate," "believe," "explore," "estimate," "predict," "potential," "preliminary," "range," "intend" and "continue," the negative of these terms, and similar expressions. These All statements relate to future events or our future financial performance and involve known and unknown risks, uncertainties and other factors that may cause our actual results, levels of activity, performance or achievements to differ materially from those contained in the future this report that are implied by these not statements of historical fact are forward-looking statements. These forward-looking statements are based on management's estimates, projections and assumptions as of the date of such statements. These risks and other factors include those described in "Risk Factors" (Part I, Item 1A of this Form 10-K) and "Quantitative and Qualitative Disclosures about Market Risk" (Part II, Item 7A). In addition, other factors of which the Company is not currently aware may affect the accuracy of our forward-looking information and may cause actual results to differ from those discussed. These forward-looking

Forward-looking statements involve known and unknown risks and uncertainties and are not guarantees of future performance and are subject to risks and uncertainties. Actual outcomes and results may differ materially from what is expressed or forecasted in our these forward-looking statements as a result of various important factors, including, but not limited to, actions taken by us, including restructuring and impairment charges, as well as developments beyond our control, including, but not limited to, the unknown duration and economic, operational and financial impacts of the global COVID-19 pandemic, an economic recession or the ongoing conflict between Russia labor constraints and Ukraine supply chain disruptions and changes in domestic and worldwide political and U.S. economic conditions such as inflation, a prolonged higher interest rate environment and slowing macroeconomic growth that could materially impact us, our customers the and suppliers and demand and availability of for our products and services, including supply disruptions, labor shortages services. Risks and inflation. Further deteriorations uncertainties related to the proposed

American Alloy Steel, Inc. transaction include, but are not limited to, delays in or failure to obtain any required governmental and regulatory approvals. Deteriorations in economic conditions, as a result of inflation, elevated interest rates, economic recession, slowing growth, outbreaks of infectious disease, conflicts such as the war in Ukraine and the evolving events in Israel and Gaza or otherwise, could lead to a further or prolonged decline in demand for our products and services and negatively impact our business, and may also impact financial markets and corporate credit markets which could adversely impact our access to financing, or the terms of any financing.

We do not assume any responsibility to publicly update any of our forward-looking statements regardless of whether factors change as a result of new information, future events, or for any other reason, except as may be required by law. You should not place undue reliance on forward-looking statements, which speak only as of the date they are made. You should review any additional disclosures we make in our press releases and other documents we file or furnish with the United States Securities and Exchange Commission (the "SEC"), including our Forms 10-Q and 8-K.

This Annual Report on Form 10-K includes registered trademarks, trade names and service marks of the Company and its subsidiaries.

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**PART I**

**Item 1. Business**

We are a leading network of companies providing diversified metal solutions provider and the largest metals service center company in North America (U.S. and Canada) based on revenues, with 2022 2023 net sales of \$17.03 billion \$14.81 billion.

We have been in business over 80 85 years since our original organization on February 3, 1939, operating a single metals service center in Los Angeles, California fabricating steel reinforcing bar. We reincorporated in the State of Delaware in 2015. In February 2024, we changed our corporate name to Reliance, Inc. from Reliance Steel & Aluminum Co. Our common stock is listed has traded on the New York Stock Exchange ("NYSE") under the symbol "RS" and was first traded on for approximately 30 years since our September 16, 1994, initial public offering.

We believe we have a unique and sustainable business model predicated on the following key attributes:

• **Diversity of Products, Customers and Services**

We operate As of December 31, 2023, we operated through a network of approximately over 315 locations in 40 U.S. states and in 12 foreign countries. We distribute a full line of over 100,000 metal products, including alloy, aluminum, brass, copper, carbon steel, stainless steel, titanium and other specialty steel products.

We have more than 125,000 customers in a variety of industries, including general manufacturing, non-residential construction (including infrastructure) infrastructure and renewable energy, transportation (rail, truck trailer and shipbuilding), aerospace (commercial; military, defense and space), energy (oil and natural gas), electronics and semiconductor fabrication, and heavy industry (agricultural, construction and mining equipment). We also service the auto industry, primarily through our toll processing operations where we process the metal for a fee, without taking ownership of the metal.

**We believe that our** diversification by product, end market and geography helps mitigate volatility in metals pricing and changing end market conditions. We are not dependent on any particular customer or industry because we process and distribute a variety of metals. This diversity of product type and material reduces our exposure to fluctuations or other weaknesses in the financial stability of particular customers or industries. We are also less dependent on any particular suppliers as a result of our product diversification. As a result, we have remained profitable every year, even during recessionary periods and a global pandemic, since our initial public offering in 1994.

- **Customer Relationships**

We believe that our focus on servicing customers with small order sizes and quick turnaround, along with our growth and diversification strategy, has been instrumental in our ability to produce industry-leading operating results among publicly traded metals service center companies in North America. In **2022, 2023**, approximately **97% 98%** of our orders were from repeat customers and we delivered approximately 40% of our orders within **24 hours of the customer placing the order with us.** **hours.**

- **Value-Added Solutions Provider**

We provide a wide variety of processing services to meet our customers' specifications and deliver products to fabricators, manufacturers and other end users. We believe that few other metals service centers offer the broad range of processing services and metals that we provide. Our primary processing services range from cutting, leveling or sawing to more complex processes such as machining or electropolishing. We generally only process specific metals to non-standard sizes pursuant to customer purchase order specifications. In addition, we typically acquire standard size and grade products that can be processed into many different sizes to meet the needs of many different customers.

We have increased the amount of value-added processing services we provide through recent acquisitions and significant investments in new equipment over the past several years. Expanding our value-added capabilities (including toll processing) and increasing the percentage of our total sales represented by the higher margin orders generated from those capabilities, helps reduce the volatility in our profitability ratios during periods of unfavorable metals demand and/or pricing.

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- **Industry leader**

According to the Metals Service Center Institute ("MSCI") reporting of industry tons sold in the U.S., our **2022 2023** tons sold from our U.S. locations represented **approximately 14.5%** of the total tons sold by the U.S. metals service center industry. Metals service centers are the largest single customer group **industry** compared to **14.2%** for the North America primary metals producers ("mills") in the broader metals wholesale industry with estimated sales of approximately **\$219 billion** according to IBISWorld Inc.'s July 2022 report, a global intelligence publication. **2022.** We believe our relatively low level of market share shown by MSCI leaves significant opportunity for further strategic growth within the industry.

- **Pricing Power**

We primarily operate in the spot market for both the purchase and sale of our products. **As a limited portion of our business is dependent on long-term contractual commitments, we** We have the ability to quickly pass on raw material price increases to our customers and maintain consistency in our gross profit **margin.** **margin as only a small portion of our business is subject to long-term contractual arrangements.**

- **Purchasing Power**

We strategically source the vast majority of our metal purchases from domestic producers and believe we are one of the largest customers of the North American mills, primary metals producers ("mills"). We believe that our significant scale and relationships with suppliers enable significant purchasing power and product availability in all market conditions, conditions and allows for effective management of our inventories.

- **Collaboration**

While Reliance has a decentralized structure with many different models operating independently from each other, we are now exploring commercial opportunities for our companies to work together and leverage the larger Reliance resources and capabilities to pursue and grow sales opportunities, better manage our inventory, provide opportunities to our employees, and share best practices.

Our business is relationship-based, and we operate under the following trade names:

	Trade Name	No. of Locations
<b>Reliance Divisions</b>		
Bralco Metals		
Bralco Metals	6	
Affiliated Metals	1	
MetalCenter	1	
Olympic Metals	1	
Central Plains Steel Co.	1	
Reliance Metalcenter	81	
Reliance Steel Company Metals Group		
Reliance Metalcenter	25	
Smith Pipe & Steel Company	1	
Reliance Steel Company	2	
Tube Service Co.	6	
Admiral Metals Servicenter Company, Incorporated	7	
All Metals Processing & Logistics, Inc.	2	
<b>All Metal Services</b>		
All Metal Services Limited (United Kingdom)	4	
All Metal Services France	1	
All Metal Services India Private Limited	1	
All Metal Services Ltd. (China) (Xi'an, China)	1	
All Metal Services (Malaysia) Sdn. Bhd.	1	
Allegheny Steel Distributors, Inc.	1	
<b>American Metals Corporation</b>		
American Metals	2	
American Steel	2	
Alaska Steel Company	3	
Haskins Steel Company	1	
Lampros Steel	1	
LSI Plate	1	
Plate Sales	1	
<b>AMI Metals, Inc.</b>		
AMI Metals	6	
AMI Metals UK, Limited	1	
AMI Metals Europe (Belgium)	1	

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Trade Name	No. of Locations
<b>Plate Sales</b>	<b>1</b>
<b>AMI Metals, Inc.</b>	
AMI Metals	6
AMI Metals Aero Services Ankara Havacılık Anonim Şirketi (Turkey)	1
AMI Metals Europe SPRL (Belgium)	1
AMI Metals UK Limited	1
<b>Best Manufacturing, Inc.</b>	<b>1</b>
<b>CCC Steel, Inc.</b>	
CCC Steel	1
IMS Steel Co.	1
<b>Chapel Steel Corp.</b>	
Chapel Steel Corp.	6
Chapel Steel Canada, Ltd.	1
<b>Chatham Steel Corporation</b>	<b>5</b>
<b>Clayton Metals, Inc.</b>	<b>2</b>
<b>Continental Alloys &amp; Services</b>	
Continental Alloys & Services Limited (UK)	2
Continental Alloys & Services Middle East FZE (Dubai)	1
Continental Alloys & Services (Malaysia) Sdn. Bhd.	1
Continental Alloys & Services Pte. Ltd. (Singapore)	1
<b>Crest Steel Corporation</b>	<b>1</b>
<b>Delta Steel, Inc.</b>	<b>4</b>
<b>Diamond Manufacturing Company</b>	
Diamond Manufacturing	2
Ferguson Perforating Company	2
McKey Perforating Co.	1
Perforated Metals Plus	1
<b>DuBose</b>	
DuBose National Energy Fasteners & Machined Parts, Inc.	1
DuBose National Energy Services, Inc.	1
<b>Durrett Sheppard Steel Co., Inc.</b>	<b>1</b>
<b>Earle M. Jorgensen Company</b>	
Earle M. Jorgensen	<b>31</b>
Steel Bar	1
<b>Feralloy Corporation</b>	
Feralloy	4
Acero Prime Feralloy Sinton Processing Center	1
Acero Prime S. de R.L. de C.V.	4
Feralloy AP Sinton All Metals Processing Center & Logistics, Inc.	<b>12</b>
Feralloy Processing Company	1
GH Metal Solutions	4
Indiana Pickling and Processing Company (56%-owned)	1
Oregon Feralloy Partners (40%-owned)	1
<b>Fox Metals and Alloys, Inc.</b>	<b>1</b>

<b>Fry Steel Company</b>	2
<b>Infra-Metals Co.</b>	
Infra-Metals	5
<b>Athens Delta Steel</b>	14
Infra-Metals / IMS Steel / Industrial Metals Supply / Georgia Steel Company	2
<b>KMS, Inc.</b>	
<b>KMS Fab, LLC</b>	1
<b>KMS South, Inc.</b>	12
<b>Liebovich Bros., Inc.</b>	
Liebovich Steel & Aluminum Company	4
Custom Fab Company	1
Good Metals Company	1
<b>Hagerty Steel &amp; Aluminum Company</b>	1
<b>Metalweb Limited</b>	3
<b>Metals USA, Inc.</b>	

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Trade Name	No. of Locations
<b>Hagerty Steel &amp; Aluminum Company</b>	1
<b>Metals USA, Inc.</b>	
Metals USA	22
<b>Cooksey Steel</b>	3
<b>Gregor Technologies</b>	1
<i>i-Solutions</i>	1
Lynch Metals	2
<b>Metals USA</b>	22
Port City Metal Services	1
The Richardson Trident Company, LLC	2
<b>Altair Electronics, LLC</b>	1
<b>Metalweb Limited</b>	3
<b>National Specialty Alloys, Inc.</b>	
National Specialty Alloys	32
Aleaciones Especiales de Mexico, S. de R.L. de C.V.	1
<b>Northern Illinois Steel Supply Co.</b>	2
<b>Nu-Tech Precision Metals Inc.</b>	1
<b>Pacific Metal Company</b>	5
<b>PDM Steel Service Centers, Inc.</b>	
PDM Steel Service Centers	8
Feralloy PDM Steel Service	1
<b>Phoenix Corporation</b>	
Phoenix Metals Company	1415
Reliance Metalcenter	2
<b>Precision Flamecutting and Steel, Inc.</b>	1

<b>Precision Strip Inc.</b>	15
<b>Reliance Aerospace Solutions</b>	1
<b>Reliance Metalcenter Asia Pacific Pte. Ltd. (Singapore)</b>	1
<b>Reliance Metals Canada Limited</b>	
Earle M. Jorgensen (Canada)	7
Encore Metals	7
<b>Service Steel Aerospace Corp.</b>	
Service Steel Aerospace	3
Dynamic Metals International	1
United Alloys Aircraft Metals	1
<b>Siskin Steel &amp; Supply Company, Inc.</b>	
Siskin Steel	4
East Tennessee Steel Supply Company	1
Southern Steel Supply	1
The Steel Store	1
<b>Sugar Steel Corporation</b>	3
<b>Tubular Steel, Inc.</b>	
Tubular Steel	4
Metalcraft Enterprises	1
<b>United Pipe &amp; Steel Corp./Merfish United, Inc.</b>	12
<b>Valex Corp.</b>	
Valex	12
Valex Semiconductor Materials (Zhejiang) Co., Ltd.	1
Valex Korea Co., Ltd. (96%-owned)	1
<b>Viking Materials, Inc.</b>	2
<b>Yarde Metals, Inc.</b>	
Yarde Metals	78
FastMetals	1
Rotax Metals	1

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We have one operating and reportable segment—*metals service centers*. Further information about our reportable segment, including geographic information, appears in Note 18—“Segment *information*” *Information*” to our consolidated financial statements in Part II, Item 8 “Financial Statements and Supplementary Data.”

**Industry Overview**

Metals service centers acquire carbon steel, aluminum, stainless and alloy steel and other metal products from mills, and then process and distribute these materials to meet customer specifications.

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Customers purchase metal products from metals service centers for a variety of reasons, including the ability to obtain value-added metals processing, readily available inventory, reliable and timely delivery, flexible minimum order size, and quality control. Many customers deal exclusively with service centers because the quantities of metal products that they purchase are smaller than the minimum order sizes specified by mills or because those customers require intermittent deliveries over long or irregular periods. Metals service centers respond to a niche market created because of the focus on when-needed as-needed inventory management and materials management outsourcing in the capital goods and related industries. In general, metals service center customers have placed increased emphasis on carrying lower amounts of inventory, especially during declining price environments.

The processing services we provide save our customers time, labor, and expense, reducing their overall manufacturing costs. Specialized metals processing equipment requires high utilization to be cost effective. We believe many manufacturers and their suppliers are not able or willing to invest in the necessary technology, equipment, and warehousing of inventory to perform efficient and effective metal processing themselves for their own operations. Accordingly, we believe industry dynamics have created a niche in the market for metals service centers. Metals We believe that metals service centers purchase, process and deliver metals to end-users in a more efficient and cost-effective manner than the end-user could achieve by dealing directly with the primary producer. The metals service centers of the MSCI comprise the largest customer group for North American mills, buying and reselling almost 50% of all the carbon, alloy, stainless and specialty steels, aluminum, copper, brass, bronze and superalloys produced in the United States according to a July 2022 report on the metals wholesaling industry issued by IBISWorld Inc., a global intelligence publication.

According to IBISWorld Inc.'s July 2022 October 2023 report, the United States U.S. metals wholesale industry (comprised of metals service centers of the MSCI and other metal wholesaling distributors) revenues were expected to grow decline approximately 15% 11% from \$191 billion \$331 billion in 2021 2022 to approximately \$219 billion \$296 billion in 2022, 2023, primarily due to increases in metal lower metals prices. IBISWorld Inc. expects the largest industry participants to represent less than 10% of the estimated \$219 billion industry total in 2022. Our 2023 and 2022 U.S. revenues of approximately \$14 billion and \$16 billion, respectively, represented about 7% 5% of the entire U.S. metals wholesaling market based on IBISWorld Inc.'s estimated 2023 and 2022 industry revenues. However, the measurement of our market share based on the shipment levels of the metals service center industry published by the MSCI, who does not also publish estimated industry revenues, was at 14.5%, in 2023, which we believe is due to the inclusion of non-metal non-metals service center companies in the broader metals wholesaling industry as defined by IBISWorld Inc. Regardless of the measurement of our market share through our tons sold via MSCI industry shipments or our sales relative to what we believe to be the broader metals wholesaling industry, our relatively low market share provides us significant opportunity for growth.

We believe that metals service centers are generally less susceptible to market cycles than metals producers because service centers are generally able to pass on all or a portion of increases in metal costs to their customers. As we have a limited long-term contractual business and focus on rapid inventory turnover, we believe that we are generally less vulnerable to changing metals prices than metals producers. However, fluctuations in metals pricing have a significant impact on our revenue and profit.

### **Operational Strategy**

Our primary business strategy is to provide the highest levels of quality and service to our customers in the safest, most efficient operational manner, allowing us to maximize our financial results. The core tenets of our differentiated approach include:

- Our **commitment to safety** which is our top priority and an important element of our culture and day-to-day operational focus. Our executive team supports a safety management system that includes policies, standard

practices and goals at our facilities. In addition, our safety professionals monitor compliance with regulatory requirements and conduct safety assessments and training to improve safety practices.

- **Organic growth and innovation** through our industry-leading investments in state-of-the-art value-added processing equipment to better service our customers. We have made significant investments in our businesses in recent years, including investments in advanced, state-of-the-art value-added processing equipment. equipment that enhance our diversification.

- We believe our **diversification** of products, end markets and geography reduces volatility. We maintain a wide variety of products in inventory and believe this differentiates us from all other North American service center companies. Our product mix has become more diverse mainly as a result of our targeted growth strategy that includes acquiring companies that distribute mainly specialty products and provide increased levels of value-added processing services.
- Our **decentralized operating** structure puts decision making and resources close to the customer. Due to our focus on small orders, our decentralized operating structure and the diversity of the markets we serve, customer concentrations are not significant.
- A focus on **when-needed as-needed inventory management** and small orders with quick turnaround and increasing levels of value-added processing which generate higher profit margins as compared to a focus on large volume orders. We seek to **increase profitability** ensure as-needed logistics through our customer service, operational efficiencies, **pricing discipline**, innovation and inventory management as well as by providing increased levels of value-added processing. **Approximately** management. In 2023, our average order size was \$3,210 and we delivered approximately 40% of our orders were delivered within 24 hours from receipt of the order. hours. We believe that this provides a competitive advantage to us, and, for the remainder of our orders we typically have shorter lead times than our competitors given our decentralized structure and investments in processing equipment.
- **Strong pricing discipline** by our managers in the field allows us to appropriately price the value provided to customers. We believe our focus on maintaining pricing discipline related to our processing services coupled with our investments in state-of-the-art equipment and advanced technology were significant contributors to the substantial increases in gross profit margin over the past several years. compared to our historical range.
- **Minimal contractual sales** help us effectively manage working capital and minimize the impact of changing metal prices.

### Growth Strategy

Our growth strategy is based on increasing our operating results through organic growth activities and strategic acquisitions that enhance our product, customer and geographic diversification. We believe our focused growth strategy and increasing the level of value-added services we provide our customers makes us less vulnerable to regional or industry-specific economic volatility and somewhat lessens the negative impact of volatility experienced in commodity pricing and cyclical nature of our customer end markets, as well as general economic trends.

We expect to continue growing our business through acquisitions and internal growth initiatives, particularly those that diversify our products, product mix, customer base and geographic locations and increase our sales of high-margin specialty products and value-added processing services.

## **Sales and Marketing**

Sales personnel are organized by division or subsidiary and are divided into two groups. Outside sales personnel travel throughout a specified geographic territory and maintain relationships with our existing customers and develop new customers. Inside sales personnel remain at the facilities to price and write orders. Outside sales personnel generally receive incentive compensation based on the gross profit from their particular geographic territories. Inside sales personnel generally receive incentive compensation based on the gross profit and/or pretax income of their particular location.

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We endeavor to acquire well-run businesses with strong customer relationships and solid reputations within the marketplace. Because of this, we find value in the acquired trade name and continue to use the business name and maintain the customer relationships.

## **Customers**

Although we sell directly to have many large original equipment manufacturer customers, the majority of our sales are to small machine shops and fabricators, in small quantities with frequent deliveries, ensuring as-needed logistics and helping them manage their working

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capital and credit needs more efficiently. Our metals service centers wrote and delivered over 4.6 million orders during 2022 2023 or an average of 18,460 18,280 per day, with an average price of approximately \$3,670 \$3,210 per order. Most of our metals service center customers are located within a 200-mile radius 200 miles of the Reliance metals service center serving them. The proximity of our service centers to our customers helps reduce total road miles and carbon emissions, promote efficient routing and provide quick delivery. With our fleet of approximately 1,720 1,750 trucks (some of which are leased), we are able to service many smaller customers and provide quick turnaround deliveries, deliveries with approximately 40% of our orders delivered within 24 hours. We believe that maintaining our own fleet of trucks and drivers provides a competitive advantage as there has been a shortage of qualified drivers and third-party freight costs have been at elevated levels in recent years. Moreover, our order entry systems and flexible production scheduling enable us to meet customer requirements for short lead times and quick delivery, when needed. In 2022, approximately 97% of our orders were from repeat customers. delivery. We believe that our long-term relationships with many of our customers significantly contribute to the success of our business, business with approximately 98% of our 2023 orders being from repeat customers. Providing prompt and efficient services and quality products at reasonable prices are important factors in maintaining and expanding these relationships.

We have built and opened international locations in recent years to service specific industries, typically making limited investments to support existing key U.S. customers that also operate in those international markets. Accordingly, our exposure to risks associated with such investments is minimal. Sales from our foreign operations were 6% 7% of our net sales for the year ended December 31, 2022 December 31, 2023, or \$1.05 billion \$1.02 billion. However, sales to international customers (based on the shipping destination) were approximately 8% 9% of our consolidated 2022 2023 net sales, or \$1.37 billion \$1.38 billion, with approximately 29% 27%, or \$398.0 million \$372.2 million, to Canadian customers.

Customer demand changes from time to time based on, among other things, general economic conditions and industry capacity. Many of the industries in which our customers compete are cyclical in nature. Because we sell to a wide variety of customers in a wide variety of industries, we believe that we are able to somewhat mitigate earnings volatility. In addition, many of our customers are small job shops and fabricators who also have a diverse customer base and the versatility to service different end markets when an existing market slows.

Due to our focus on small orders, decentralized operating structure and the diversity of the markets we serve, customer concentrations are not significant. Our largest customer represented only 1.2% 1.0% of our net sales in 2022, 2023. In 2022, 2023, we generated sales greater than \$25 million \$30 million from only 44 31 customers.

#### Suppliers

We primarily strategically purchase the majority of our inventory from the major domestic metals producers in North America producers. Our U.S. operations do, however, also purchase minimal amounts of certain products from foreign producers. We have multiple suppliers for all of our products.

Because of our total volume of purchases and our long-term relationships with our suppliers, we believe that we are generally able to purchase inventory at the most competitive prices offered by our suppliers. We believe that these relationships provide us with an advantage in sourcing product to be available for our customers in accelerated timeframes when needed, and also allow us to more efficiently manage our inventory. We believe both our size and our long-term relationships with our suppliers continue to be important because mill consolidation has reduced the number of suppliers.

#### Seasonality

Some of our customers are in seasonal businesses, especially customers in the construction industry and related businesses. Our overall operations have not shown any material seasonal trends as a result of our geographic, product and

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customer diversity. Typically, revenues in the months of July, November and December have been lower than in other months because of a reduced number of working days for shipments of our products, resulting from holidays observed by the Company as well as vacation and extended holiday closures at some of our customers. The number of shipping days in each quarter also has an impact on our quarterly sales and profitability. Results of any one or more quarters are therefore not necessarily indicative of annual results.

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### Competition

The metals service center industry is highly fragmented and competitive within localized areas or regions. Many of our competitors operate single, stand-alone service centers. According to IBISWorld Inc., there were approximately 11,200 metal wholesaling locations operated by approximately 8,800 companies in the United States U.S. in 2022. Our 2022 2023. According to the MSCI reporting of U.S. metals service center industry shipments, our 2023 tons sold from our U.S. locations represented approximately 14.5% of the industry total tons sold by the U.S. metals service center industry according compared to MSCI reporting. 14.2% in 2022. The significant number of metals service centers that exist in this fragmented market creates opportunities for us to expand by making acquisitions.

We have numerous competitors in each of our product lines and geographic locations, and competition is most frequently local or regional. Our domestic service center competitors are generally smaller than we are, but we also face strong competition from national, regional and local independent metals distributors and the producers mills themselves, some of which have greater resources than we do.

We compete with other companies on price, service, quality, processing capability and availability of products and services. We maintain relationships with our major suppliers at the executive and local levels. We believe that this division of responsibility has increased our ability to obtain competitive prices of metals by leveraging our total size and to provide more responsive service to our customers by allowing our local management teams to make the purchasing decisions. In addition, we believe that the size of our inventory, the diversity of metals products we have available, and the wide variety of processing services we provide distinguish us from our competition. We believe our competitors are generally unable to offer the same high-quality products and services we provide using state-of-the-art equipment and advanced technology as they do not have the financial ability or risk tolerance to grow their businesses at the same rate as Reliance. We believe our industry-leading financial results in recent years were due to our strong financial condition, the high quality of products and services we are able to offer as a result of our significant investments in our acquired businesses, facilities and equipment, as well as our continued focus on small order sizes with quick turnaround.

### Human Capital

At December 31, 2022 December 31, 2023, we employed approximately 14,500 15,000 persons worldwide, of which approximately 12,800 13,400 were employed in the United States. U.S. Our total workforce of approximately 15,000 15,500 persons at December 31, 2022 December 31, 2023 includes approximately 500 contract and temporary workers. We manage to align our workforce levels with the pace of business and management believes it has sufficient human capital to operate our business successfully.

As of December 31, 2022 December 31, 2023, approximately 13% 12% of our employees were represented by unions under collective bargaining agreements. We have entered into collective bargaining agreements with 42 41 union locals at 52 of our locations. These collective bargaining agreements have not had a material impact on our revenues or profitability. From time to time, our collective bargaining agreements expire and come up for renegotiation. Approximately 500 700 employees are covered by 23 19 different collective bargaining agreements that expire in 2023. 2024 unless renewed.

As a result of a materiality assessment, we determined that Reliance's most significant social issues are: (i) the health and safety of our colleagues; and (ii) human capital management. We seek to create an environment that values the health, safety and wellbeing of our employees, their families and the communities in which we live and do business. We strive to equip our employees with the knowledge, skills and resources to maintain or improve their personal health, develop professionally and operate safely within our businesses. A highlight of our commitment to our employees is the inclusion of "People" as one of our six core values that represent key areas of focus for our company. For more information on the Company's core values, see the Company's Code of Conduct available at [investor.rsac.com](https://investor.rsac.com) <https://investor.reliance.com>.

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Among the critical elements included in the People category are the following:

- **Focus on Safety**

The health and safety of our employees, customers, suppliers and communities is our most important core value. Our safety programs are designed around recognized standards with appropriate variations addressing the multiple jurisdictions and regulations, specific hazards and unique working environments of our operations. Our SMART Safety program focuses on embedding our culture of safety across all of our operations. We strive to have zero fatalities and no life-threatening or life-altering injuries and illnesses from working at our facilities.

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Our executive team supports a safety management system that includes policies, standard practices and goals at our facilities, including:

- conducting regular safety assessments;
- monitoring best practices and compliance with regulatory requirements;
- training our employees to improve safety practices;
- integrating video-based technology and safety programs into substantially all Company-operated trucks; and
- maintaining emergency preparedness and response plans.

The Company utilizes We utilize a mixture of indicators to assess the health and safety performance of its our domestic operations. Lagging indicators include the Occupational Safety & Health Administration ("OSHA") Total Recordable Incident Rate ("TRIR") and average Department of Transportation Recordable Accident Rate per million miles ("DOT Rate").

Safety Indicator:	Year Ended December 31,			Year Ended December 31,		
	2022		2021	2020		2023
	2022	2021	2020	2023	2022	2021
TRIR		1.61	2.12	1.86	1.96	1.61 2.12

DOT Rate	0.55	0.54	0.60	0.64	0.55	0.54
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Our focus on safety is evident in our 2022 2023 TRIR, being our lowest ever and which is lower than the MSCI average of 3.5 as reported in their most recent Metals Service Center Institute survey performed in 2020. A lower TRIR means that fewer people are injured, and fewer lives are negatively impacted. We have not identified a universally accepted and annually updated benchmarking standard for DOT Rate.

- **Diversity, Equity and Inclusion**

We believe that superior Company performance requires contributions from a diverse workforce that includes a variety of employee experiences, backgrounds, and characteristics. We are committed to providing fair and unbiased opportunities and hiring, developing and supporting a diverse and inclusive workplace. Our commitment to diversity and inclusion is also reinforced by our Code of Conduct, which prohibits employment discrimination or harassment based on race, color, sex (including pregnancy, childbirth and related medical conditions), national origin, religion, age, disability, genetic information, veteran status, sexual orientation, marital status, or any other characteristic protected by applicable law.

- **Employee Health, Wellness and Wellbeing**

The health, wellness and wellbeing of our employees is critical to our success. We are committed to providing our employees with resources to help them achieve their personal health, wellness, and wellbeing goals. As part of our comprehensive benefits offering, we provide employees and their covered spouses/domestic partners with a robust employee assistance program, individualized assessments, access to lab or on-site health screenings and personalized wellness coaching. Our customizable program integrates web-based tools, phone and mail-based

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communications, local activities and is designed to support the diverse and individualized needs of our employees in order to help them improve or maintain their health status and ongoing engagement in healthy behaviors.

- **Compensation and Benefits**

To help attract and retain the best employees, we strive to offer competitive compensation and best-in-class benefits. In addition to base salaries, our compensation programs can include annual bonuses, stock-based compensation awards, a 401(k) plan with employee matching opportunities, healthcare insurance and welfare benefits, health savings and flexible spending accounts. We believe that we provide industry-leading healthcare

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benefits to our employees and fund funded approximately 86% 85% of the costs associated with our U.S. domestic employees' health insurance coverage.

- **Community Service**

Reliance is committed to investing in and enriching the communities in which we live and work. Giving back to those in need and enriching people's lives is a deep-rooted philosophy ingrained in our corporate culture primarily through our support of non-profit organizations that provide active duty, veterans, transitioning service members and their families with advanced manufacturing training and other support services. Our dedication to each and every member of our Family of Companies is the foundation for "Reliance Cares," our emergency assistance fund dedicated to supporting employees impacted by natural disasters. Through employee funded contributions, matched dollar-for-dollar by Reliance, we have been able to provide approximately 1,000 grants to employees (including approximately 170 grants to support employees and their families responding to COVID-19 related personal impacts) since the inception of Reliance Cares in 2017.

- **Employee Development**

We believe employees should have an opportunity for ongoing development through challenging daily contributions and structured development programs. We launched an annual evolving leaders program focused on the continued training of selected employees, encouraging the development in several areas of our business, leadership and communication, along with opportunities for enterprise-wide collaboration to drive an approach to innovative problem solving and solutions. We continue to expand our talent management initiatives to pursue the significant long-term potential for our continued success. Our success is dependent on the knowledge, skills and abilities of our current and future leaders.

#### **Quality Control**

Procuring high-quality metal from suppliers on a consistent basis is critical to our business. We maintain strict quality control measures to assure that the quality of purchased raw materials will enable us to meet our customers' specifications and to reduce the costs of production interruptions. In certain instances, we perform physical and chemical analyses on selected raw materials, typically through a third-party testing lab, to verify that mechanical and dimensional properties, cleanliness and surface characteristics meet our requirements and our customers' specifications. We also conduct certain analyses of surface characteristics on selected processed metal before delivery to the customer. We believe that maintaining high standards for accepting metals ultimately results in reduced return rates from our customers.

We maintain various quality certifications throughout our operations. Approximately 50% 55% of our operating locations have earned International Organization for Standardization (ISO 9001:2015) certifications. Many of our locations maintain additional certifications specific to the industries they serve, such as aerospace, auto, nuclear, and others, including certain international certifications.

#### **Government Regulation**

Beyond our compliance requirements with environmental regulations, compliance with government regulations has not had and, based on laws and regulations currently in effect, is not expected to have a material effect on the Company's capital expenditures, earnings or competitive position.

Our operations are also subject to laws and regulations relating to workplace safety and worker health, principally the OSHA and related regulations, which, among other requirements, establish noise, dust and safety standards. We maintain comprehensive health and safety policies and encourage our train employees to follow established safety practices.

We are subject to the conflict mineral provisions of the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010. We are required to undertake due diligence, disclose and report whether the products we sell originate from the Democratic Republic of Congo and adjoining countries. We verify with our suppliers the origins of all metals used in our products.

We sell metals to foreign customers from our domestic locations and otherwise operate abroad, metals service centers in 12 foreign countries, subjecting us to various countries' trade regulations concerning the import and export of materials and finished products. Our operations are subject to the laws and regulations of the jurisdictions in which we conduct our business that seek to prevent corruption and bribery in the marketplace, including the United States' U.S. Foreign Corrupt Practices Act (the "FCPA")

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and the United Kingdom's Bribery Act 2010. We have developed and implemented company-wide export and anti-corruption policies designed to provide our employees clear statements of our compliance requirements and to ensure compliance with applicable export and anti-corruption regulations. For information about risks related to government regulation, please see the risk factors set forth under the caption *Item 1A. "Risk Factors"* including the Risk Factors captioned "We are subject to various environmental, employee safety and health, and customs and export laws and regulations, which could subject us to significant liabilities and compliance expenditures;" and "We operate internationally and are subject to exchange rate fluctuations, exchange controls, political risks and other risks relating to international operations."

#### Environmental

We are not a metals producer or mill – we operate metals service centers. We believe that circularity and low emissions are key attributes of our business model. As a distributor and "first-stage" processor of metal products, our operations, by their nature, have a limited environmental impact as we do not emit significant amounts of carbon dioxide or other greenhouse gases.

In addition, the The overwhelming majority of our operations involve the processing and distribution of inherently sustainable aluminum and steel products that we believe (i) are some of the most commonly-recycled materials in on the United States planet—more than plastic, paper, and glass combined each year and (ii) can be 100% recycled without loss of quality. We believe aluminum and steel are some of the most recycled materials on the planet—more than plastic, paper, and glass combined each year. In 2022, we reintroduced over 197,500 221,900 tons of recycled scrap material into the manufacturing life cycle. cycle in 2023.

We continue to evaluate and implement energy conservation and other initiatives to reduce the environmental impact of our business. However, enactment of more stringent environmental regulations could have an adverse impact on our financial results. In addition, the manufacture and production of the materials we source from mills can be a carbon-intensive activity, and adoption of more stringent carbon regulations or policies may increase the prices of these materials.

As a processor and distributor of metals, and not a producer, we acknowledge and embrace our role in protecting the environment and are currently assessing continue to assess our impacts. Our strong desire is to identify and prioritize areas of improvement. In order to align our environmental initiatives with our broader strategy, we completed a materiality assessment in 2021 to determine the environmental matters that are most critical to our business and our stakeholders.

As a result of the materiality assessment, we determined that the most material environmental issues to our business are: (i) emissions from company-owned trucks that deliver our products; and (ii) our overall energy usage. We expect to update this materiality assessment on a periodic basis to ensure it reflects changes in our business and the external environment.

In addition, prolonged disruption in the supply and/or distribution of metals due to weather, climate change or, natural disasters connected to climate change could increase costs, limit the availability of materials critical to our operations and have a significant impact on operating results.

#### Available Information

We file annual, quarterly and current reports, proxy statements and other documents with the SEC under the Securities Exchange Act of 1934, as amended (the "Exchange Act"). The SEC maintains a website that contains reports, proxy statements and other information regarding issuers, including our Company, that file reports electronically with the SEC. The public can obtain any reports that we file with the SEC at <http://www.sec.gov>.

Our Investor Relations website is located at [http://https://investor.rsac.com](https://investor.rsac.com). Our annual report on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K and any amendments to those reports filed or furnished pursuant to Section 13(a) of the Exchange Act are made available, free of charge, through our website as soon as reasonably practical after we electronically file or furnish the reports to the SEC. Information about Reliance's ESG-related programs and initiatives is available under the "ESG" section of the Company's website. Additional corporate governance information, including our restated certificate of incorporation, amended and restated bylaws, principles of corporate governance, Board committee charters, code of conduct and anti-bribery and anti-corruption policy, is available under *Corporate Governance* in the "Investors" section of the Company's website. We encourage investors to visit our website.

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The website addresses presented above and elsewhere in this Annual Report on Form 10-K are not intended to function as hyperlinks, and the information contained in our website and in the SEC's website is not intended to be a part of this filing.

#### Item 1A. Risk Factors

*Set forth below are the risks that we believe are material to our investors. Our business, results of operations and financial condition may be materially adversely affected due to any of the following risks. The risks described below are not the only ones we face. Additional risks of which we are not presently aware or that we currently believe are immaterial may also harm our business.*

##### Risks Related to Our Business and Industry

*The costs that we pay for metals fluctuate due to a number of factors beyond our control, and such fluctuations could adversely affect our operating results, particularly if we cannot pass on higher metal prices to our customers. decreases in metals prices.*

We purchase large quantities of aluminum, carbon, stainless and alloy steel and other metals, which we sell to a variety of customers. Our profitability is largely dependent upon the prices of the steel, aluminum and other metals we sell our customers. The price of metals we purchase and the price we charge our customers for the products we sell change fluctuate based on many factors outside of our control, including general economic conditions (both domestic and international), competition, production levels, raw material costs, customer demand levels, import duties and other trade restrictions, currency fluctuations and surcharges imposed by our suppliers. Prolonged disruption in the supply and/or distribution of metals due to weather, climate change, natural disasters, COVID-19, labor disputes or interruption of service by carriers could increase costs, limit the availability of materials critical to

Pricing for our operations and have products generally has a much more significant impact on results. We attempt to pass cost increases on to our customers with higher selling results of operations than customer demand levels. If pricing declines, we will typically generate lower levels of gross profit and pretax income dollars. In addition, changes in metals prices but we are not always able to do so, particularly when the cost increases are not demand driven, that lower our gross profit margin can adversely affect our operating results. When metal prices decrease, we often cannot replace our higher cost inventory with the lower cost metal at a rate that would allow us to maintain a consistent gross profit margin, which would reduce our profitability during that interim period.

Metal prices are volatile due to, among other things, fluctuations in foreign and domestic production capacity, raw material availability and related pricing, metals consumption, tariffs, import levels into the U.S., governmental regulations, and the strength of the U.S. dollar relative to other currencies. Future changes in global general economic conditions or in production, consumption or export of metals could cause fluctuations in metal prices globally, which could adversely affect our profitability and cash flows. We generally do not enter into long-term agreements with our suppliers or hedging arrangements that could lessen the impact of metal price fluctuations.

We maintain substantial inventories of metal to accommodate the short lead times and delivery requirements of our customers. Our customers typically purchase products from us pursuant to purchase orders and typically do not enter into long-term purchase agreements or arrangements with us. Accordingly, we purchase metal in quantities we believe to be appropriate to satisfy the anticipated needs of our customers based on information derived from customers, market conditions, historic usage and industry research. Commitments for metal purchases are generally at prevailing market prices in effect at the time orders are placed or at the time of shipment. During periods of rising metal costs, our results may be negatively impacted by increases in the costs of the metals we purchase if we are unable to make equivalent increases in the selling prices of the products we sell. In addition, when metal prices decline, our selling prices generally decline and, as we sell inventory purchased at higher costs, results in lower gross profit margins, margins and gross profit. Consequently, during periods in which we sell this existing inventory, the effects of changing metal prices could adversely affect our operating results.

***Global economic conditions, including inflation, elevated interest rates, infectious disease and supply chain disruptions, have adversely affected, and could continue to adversely affect, our operations.***

Our financial condition and results of operations are impacted by global markets and economic conditions over which we do not have control. A general global economic downturn or other adverse macroeconomic trends, including heightened inflation, capital markets volatility, currency rate fluctuations, an economic slowdown or recession, or a slowing or stalled

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recovery therefrom, have in the past resulted in and may in the future result in unfavorable conditions that negatively affect demand and selling prices for our products and exacerbate some of the other risks that affect our business, financial condition and results of operations. Both domestic and international markets experienced significant inflationary pressures in fiscal year 2022 and inflation rates in the U.S., as well as in other countries in which we operate, are currently expected to continue at elevated levels for the near-term.

In addition, the Federal Reserve in the U.S. and other central banks in various countries have raised and may again raise, interest rates in response to concerns about inflation, which, coupled with reduced government spending and volatility in financial markets and the possibility that such rates may remain elevated for longer than expected, has had and may continue to have the effect of further

increasing economic uncertainty and heightening these risks. Interest rate increases or other government actions taken to reduce inflation have resulted in recessionary pressures in many parts of the world.

**Recent** We believe recent inflationary pressures have increased the costs of labor, energy and raw materials and have adversely affected consumer spending, economic growth and our operations. If such pressures increase our operating costs and we are unable to increase our gross profit at a similar rate due to decreases in demand, lack of mill price increases, our inability to pass any increases in metals replacement costs along to our customers, it could adversely affect or otherwise, our operating results. income margins would decline and our business, financial condition and results of operations could be adversely affected.

The 2022 Russian military invasion of war in Ukraine has led, is currently leading, and for an unknown period of time will continue to lead to disruptions in local, regional, national, and global markets and economies affected thereby, including in the global steel market. These disruptions caused by the invasion have included, and may continue to include, political, social, and economic disruptions and uncertainties and material increases in certain commodity prices that may affect our business operations. In addition, the duration and impact of the evolving conflict surrounding Israel and Gaza is unknown but is likely to have global economic and political ramifications.

In 2020, our operations were adversely affected by the impacts of the COVID-19 pandemic and related macroeconomic effects. Other outbreaks of contagious diseases, or other adverse public health developments in countries where we operate or our customers are located, could similarly adversely affect our business, results of operations and financial condition in the future.

**Excess capacity and over-production by foreign metal producers or decreases in tariffs could increase the level of metal imports into the U.S., resulting in lower domestic prices, which would adversely affect our sales, margins and profitability.**

Global metal-making capacity exceeds demand for metal products in some regions around the world. Rather than reducing employment by rationalizing capacity with consumption, we believe metal manufacturers in many countries (often with government assistance or subsidies in various forms) have periodically exported metal at prices which may not reflect their costs of production or capital. Excessive imports of metal into the U.S. have exerted, and may continue to exert, downward pressure on U.S. metal prices.

On March 1, 2018, the United States U.S. announced a plan to indefinitely impose a 25 percent tariff on certain imported steel products and a 10 percent tariff on certain imported aluminum products under Section 232 of the Trade Expansion Act of 1962 (the "Section 232") tariffs.

These Section 232 tariffs have triggered retaliatory actions were imposed on national security grounds and addressed imported steel that was being unfairly traded by certain affected countries, foreign competitors at artificially low prices. In retaliation against the Section 232 tariffs, the European Union subsequently imposed its own tariffs against certain steel products and other foreign goods imported from the U.S. In recent years, negotiations between the U.S. government and other governments have initiated or are considering imposing trade measures on steel and aluminum produced resulted in the United States, revisions to these measures. To the extent these tariffs and other trade actions result in a decrease in international demand for steel and aluminum produced in the United States U.S. or otherwise negatively impact demand for our products, our business may be adversely impacted.

We expect that these tariffs, while in effect, will discourage metal imports from non-exempt countries. These tariffs have had a favorable impact on the prices of the products we sell and our results of operations. If these or other tariffs or duties expire or if others are relaxed or repealed, or if relatively higher U.S. metal prices make it attractive for foreign metal producers to export their products to the U.S., despite the presence of duties or tariffs, the resurgence of substantial imports of foreign metal could create downward pressure on U.S. metal prices. In recent years, the U.S. government agreed to modified tariff rate quota systems with each of the European Union, Japan and the United Kingdom that allow more

imports from those trading partners to enter the U.S. market free of Section 232 tariffs. The U.S. government may also negotiate reductions or eliminations of Section 232 duties with other trading partners. If the Section 232 measures are further removed or substantially lessened, whether through legal challenge, legislation, executive action or otherwise, imports of foreign metals would likely increase and metal prices in the U.S. would likely fall, which could have a material adverse effect on materially adversely affect our earnings revenues, financial results and future results of operations cash flows.

***We operate in an industry that is subject to cyclical fluctuations and any downturn in general economic conditions or in our customers' specific industries could negatively impact our profitability and cash flows.***

The metals service center industry is cyclical and impacted by both market demand and metals supply. Periods of economic slowdown (such as global or regional recessions) decrease the demand for our products and adversely affect our pricing. If either demand or pricing were to decline from the current levels, this could reduce our profitability and cash flows.

We sell many products to industries that are cyclical, such as the non-residential construction, semiconductor, energy, automotive, aerospace and heavy equipment industries. Although many of our direct sales are to sub-contractors or job shops that may serve many customers and industries, the demand for our products is directly related to, and quickly impacted by, demand for the finished goods manufactured by customers in these industries, which may change as a result of changes in the general U.S. or worldwide economy, inflation, domestic exchange rates, energy prices or other factors beyond our control.

***Our business may continue to be negatively impacted by the coronavirus (COVID-19) pandemic and could be negatively impacted by other pandemics and outbreaks.***

Our operations were adversely affected in 2022 by the impacts of the COVID-19 pandemic and related macroeconomic effects, including labor shortages, raw material constraints and other supply chain disruptions. The ongoing impacts of the COVID-19 pandemic could further affect general economic conditions, our business and results of operations. Future developments would dictate the type and level of these potential impacts, which are highly uncertain and are difficult to predict.

In addition, the COVID-19 pandemic has resulted in a widespread health crisis that is adversely affecting the economies and financial markets of many countries, which could result in a prolonged economic downturn that may negatively affect demand for our products and services. The imposition of quarantine and travel restrictions has negatively affected and, if reimposed, may continue to negatively affect our business. The extent to which COVID-19 continues to impact our business, results of operations and financial condition is highly uncertain and will depend on future developments. Such developments may include the geographic spread and duration of the virus, including the emergence of new variants, the severity of the disease, vaccination rates and the actions that may be taken by various governmental authorities and other third parties in response to the pandemic. Other outbreaks of contagious diseases, or other adverse public health developments in countries where we operate or our customers are located, could similarly adversely affect our business, results of operations and financial condition in the future.

***We compete with a large number of companies in the metals service center industry, and, if we are unable to compete effectively, our profitability and cash flows may decline.***

We compete with a large number of other general-line distributors and processors, and specialty distributors in the metals service center industry. Competition is based principally on price, inventory availability, timely delivery, customer service, quality and processing capabilities. Competition in the various markets in which we participate comes from companies of various sizes, some of which have more established brand names in the local markets that we serve. To compete for customer sales, we may lower prices or offer increased services at a higher cost, which could reduce our profitability and cash flows. Rapidly declining prices and/or demand levels may escalate competitive pressures, with service centers selling at substantially reduced prices, and sometimes at a loss, in an effort to reduce their high-cost inventory and generate cash. Any increased and/or sustained competitive pressure could cause our share of industry sales to decline along with our profitability and cash flows.

***If we were to lose any of our primary suppliers or otherwise be unable to obtain sufficient amounts of necessary metals on a timely basis, we may not be able to meet our customers' needs and may suffer reduced sales.***

We have few long-term contracts to purchase metals. Therefore, our primary suppliers of aluminum, carbon, stainless and alloy steel or other metals could curtail or discontinue their delivery of these metals to us in the quantities we need with little or no notice. Our ability to meet our customers' needs and provide value-added inventory management services depends on our ability to maintain an uninterrupted supply of high-quality metal products from our suppliers. If our suppliers experience production problems, lack of capacity or transportation disruptions, the lead times for receiving our supply of metal products could be extended and the cost of our inventory may increase. If, in the future, we are unable to obtain sufficient amounts of the necessary metals at competitive prices and on a timely basis from our customary suppliers, we may not be able to obtain these metals from acceptable alternative sources at competitive prices to meet our delivery schedules. Even if we do find acceptable alternative suppliers, the process of locating and securing these alternatives may be disruptive to our business, which could have an adverse impact on our ability to meet our customers' needs and reduce our profitability and cash flows. In addition, if a significant domestic supply source is discontinued and we cannot find

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acceptable domestic alternatives, we may need to find foreign sources of supply. Using foreign sources of supply could result in longer lead times, increased price volatility, less favorable payment terms, increased exposure to foreign currency movements and certain tariffs and duties and require greater levels of working capital. Alternative sources of supply may not maintain the quality standards that are in place with our current suppliers that could impact our ability to provide the same quality of products to our customers that we have provided in the past, which could cause our customers to move

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their business to our competitors or to file claims against us, and such claims may be more difficult to pass through to foreign suppliers.

There has been significant consolidation at the metal producer level both globally and within the U.S. This consolidation has reduced the number of suppliers available to us, which may limit our ability to obtain the necessary metals to service our customers. The number of available suppliers may be further reduced if the general economy enters into another recession. **Lower metal prices and lower demand levels may cause certain mills to reduce their production capacity; and, in that case, the mill may operate at a loss, which could cause one or more mills to discontinue operations if the losses continue over an extended period of time or if the mill cannot obtain the necessary financing to fund its operating costs.**

***We rely upon our suppliers as to the specifications of the metals we purchase from them.***

We rely on mill certifications that attest to the physical and chemical specifications of the metal received from our suppliers for resale and generally, consistent with industry practice, we do not undertake independent testing of such metals unless independent tests are required by customers. We rely on customers to notify us of any metal that does not conform to the specifications certified by the supplying mill. Although our primary sources of products have been domestic mills, we have and will continue to purchase product from foreign suppliers when we believe it is appropriate. In the event that metal purchased from domestic suppliers is deemed to not meet quality specifications as set forth in the mill certifications or customer specifications, we generally have recourse against these suppliers for both the cost of the products purchased and possible claims from our customers. However, such recourse will not compensate us for the damage to our reputation that may arise from substandard products and possible losses of customers. Moreover, there is a greater level of risk that similar recourse will not be available to us in the event of claims by our customers related to products from foreign suppliers that do not meet the specifications set forth in the mill certifications. In such circumstances, we may be at greater risk of loss for claims for which we do not carry, or carry insufficient, insurance.

***Climate change might adversely impact our supply chain or our operations.***

Concern about climate change might result in new legal and regulatory requirements to reduce or mitigate the effects of climate change. While we believe our operations do not emit significant amounts of carbon dioxide or other greenhouse gases, legal or regulatory changes related to climate change may result in higher prices for metal, higher prices for utilities required to run our facilities, higher fuel costs for us and our suppliers, increased compliance costs and other adverse impacts. To the extent that new legislation or regulations increase our costs, we may not be able to fully pass these costs on to our customers without a resulting decline in sales and adverse impact to our profits.

Changing market dynamics, global policy developments, and the increasing frequency and impact of extreme weather events on critical infrastructure in the U.S. and elsewhere have the potential to disrupt our business, the business of our third-party suppliers, and the business of our customers, and may cause us to experience higher attrition, losses and additional costs to maintain or resume operations.

There is also increased focus by governmental and non-governmental entities on sustainability matters. Any perception that we have failed to act responsibly regarding climate change could result in negative publicity and adversely affect our business and reputation.

There also has been increased stakeholder focus, including by U.S. and foreign governmental authorities, investors, customers, media and nongovernmental organizations, on environmental sustainability matters, such as climate change, the reduction of greenhouse gases and water consumption. Legislative, regulatory or other efforts to combat climate change or other environmental concerns could result in future increases in taxes, restrictions on or increases in the costs of supplies, transportation and utilities, any of which could increase our operating costs, and necessitate future investments in facilities

and equipment. Further, our customers **we serve** may impose emissions reduction or other environmental standards and requirements. As a result, we may experience increased compliance burdens and the sourcing of our products may be adversely affected. These risks also include the increased pressure to make commitments, set targets, or establish additional goals to take actions to meet them, which could expose us to market, operational, execution and reputational costs or risks.

Developing and acting on initiatives within the scope of social and environmental sustainability, and collecting, measuring and reporting environmental sustainability-related information and metrics can be costly, difficult and time consuming and is subject to evolving reporting standards. Further, statements about our social and environmental

sustainability-related initiatives and goals, and progress against those goals, may be based on standards for measuring progress that are still developing, internal controls and processes that continue to evolve, and assumptions that are subject to change in the future. If our social and environmental sustainability-related data, processes and reporting are incomplete or inaccurate, or if we fail to achieve progress with respect to our goals within the scope of social and environmental sustainability on a timely basis, or at all, our reputation, business, financial performance and growth could be adversely affected.

***We face increased competition from alternative materials and risks concerning innovation, new technologies, products and increasing customer requirements.***

As a result of increasingly stringent regulatory requirements, designers, engineers and industrial manufacturers, especially those in the automotive industry, **are** **may** **be** increasing their use of lighter weight and alternative materials, such as composites, plastics, glass and carbon fiber. In addition, higher sustained market prices of metal products could cause new alternative material producers to enter the market. New or increased use of such materials could reduce the demand for metal products, which may reduce our profitability and cash flow.

***If metals prices increase compared to certain substitute materials, the demand for our products could be negatively impacted, which could have an adverse effect on our financial results.***

In certain applications, metal products compete with other materials, such as composites, glass, carbon fiber, wood and plastic. Prices of all of these materials fluctuate widely, and differences between the prices of these materials and the price of metal products may adversely affect demand for our products and/or encourage material substitution, which could adversely affect the prices of and demand for metal products. The higher cost of metal relative to certain other materials may make material substitution more attractive for certain uses.

***Our insurance coverage, customer indemnifications or other liability protections may be unavailable or inadequate to cover all of our significant risks or our insurers may deny coverage of or be unable to pay for material losses we incur, which could adversely affect our profitability and overall financial position.***

We strive to obtain insurance agreements from financially solid, highly rated counterparties in established markets to cover significant risks and liabilities. Not every risk or liability can be insured, and for risks that are insurable, the policy limits and terms of

coverage reasonably obtainable in the market may not be sufficient to cover all actual losses or liabilities incurred. Even if insurance coverage is available, we may not be able to obtain it at a price or on terms acceptable to us. Disputes with insurance carriers, including over policy terms, reservation of rights, the applicability of coverage (including exclusions), compliance with provisions (including notice) and/or the insolvency of one or more of our insurers may significantly affect the amount or timing of recovery.

In some circumstances we may be entitled to certain legal protections or indemnifications from our customers through contractual provisions, laws, regulations or otherwise. However, these protections are not always available, are typically subject to certain terms or limitations, including the availability of funds, and may not be sufficient to cover all losses or liabilities incurred.

If insurance coverage, customer indemnifications and/or other legal protections are not available or are not sufficient to cover our risks or losses, it could have a material adverse effect on our financial position, results of operations and/or cash flows.

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***An increase in delinquencies could adversely affect our results.***

Inherent in the operation of our business is the credit risk associated with our customers. The creditworthiness of each customer and the rate of delinquencies are directly impacted by several factors, including relevant industry and economic conditions, the availability of capital, the experience and expertise of the customer's management team, commodity prices and political events. Any increase in delinquencies and credit losses on customer obligations could have a material adverse effect on our earnings and cash flows. In addition, although we evaluate and adjust allowances for credit losses related to past due and non-performing receivables on a regular basis, adverse economic conditions or other factors that might cause deterioration of the financial health of our customers could change the timing and level of payments received and thus necessitate an increase in our estimated losses, which could also have a material adverse effect on our earnings and cash flows.

***If we do not successfully implement our growth strategy, our ability to grow our business could be impaired.***

We may not be able to identify suitable acquisition candidates or successfully complete any acquisitions or integrate any other businesses into our operations. If we cannot identify suitable acquisition candidates or are otherwise unable to complete acquisitions, we may not be able to continue to grow our business as expected and, if we cannot successfully integrate recently acquired businesses, we may incur increased or redundant expenses. Moreover, any additional indebtedness we incur to pay for these acquisitions could adversely affect our liquidity and financial condition.

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We have invested a significant amount of capital in new locations and new processing capabilities. We may not be able to identify sufficient opportunities for internal growth to be able to sustain growth at similar levels. In addition, we may not realize the expected returns from these investments.

***Acquisitions present many risks, and we may not realize the financial and strategic goals that were contemplated at the time of each transaction.***

Since our initial public offering in September 1994, we have successfully purchased 7173 businesses. We continue to evaluate acquisition opportunities and expect to continue to grow our business through acquisitions in the future. Risks we may encounter in acquisitions include:

- the acquired company may not perform as anticipated or expected strategic benefits may not be realized, which could result in an impairment charge or otherwise impact our results of operations;
- we may not realize the anticipated increase in our revenues if a larger than predicted number of customers decline to continue purchasing products from us;
- we may have to delay or not proceed with a substantial acquisition if we cannot obtain the necessary regulatory approval or funding to complete the acquisition in a timely manner;
- we may significantly increase our interest expense, leverage and debt service requirements if we incur additional debt to pay for an acquisition or assume existing debt of an acquired company, which, among other things, may result in a downgrade of our credit ratings;
- we may have multiple and overlapping product lines that may be offered, priced and supported differently, which could cause our gross profit margin to decline;
- we may have increased inventory exposure for a short time period if the acquired company has significant amounts of material on order;
- our relationship with current and new employees, customers and suppliers could be impaired;
- our safety performance may decline, and our incidence rates increase;

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- our due diligence process may fail to identify risks that could negatively impact our financial condition;
- we may lose anticipated tax benefits or have additional legal or tax exposures if we have prematurely or improperly combined entities;
- we may face contingencies related to product liability, intellectual property, financial disclosures, environmental issues, violations of regulations/policies, tax positions and accounting practices or internal controls;
- the acquisition may result in litigation from terminated employees or third parties;
- our management's attention may be diverted by transition or integration issues;

- costs and investments in excess of our expectations may be required to implement necessary compliance processes and related systems, including IT systems, accounting systems and internal controls over financial reporting;
- we may pay more than the acquired company is worth;
- we may be unable to obtain timely approvals from governmental authorities under competition and antitrust laws;
- we may assume substantial additional environmental exposures, commitments, contingencies and remediation and reclamation projects; and

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- we may undertake acquisitions financed in part through public offerings or private placements of debt or equity securities, or other arrangements. Such acquisition financing could result in a decrease in our earnings and adversely affect other leverage measures. If we issue equity securities or equity-linked securities, the issued securities may have a dilutive effect on the interests of the holders of our common stock.

These factors could have a material adverse effect on our business, results of operations, financial condition or cash flows, particularly in the case of a larger acquisition or the completion of a number of acquisitions in any short period of time.

In addition, most of the acquisition agreements we have entered into require the former owners to indemnify us against certain liabilities related to the operation of those companies before we acquired them. In most of these agreements, however, the liability of the former owners is limited, and certain former owners may be unable to meet their indemnification responsibilities. Similarly, the purchasers of our non-core businesses may from time to time agree to indemnify us for operations of such businesses after the closing. We cannot be assured that any of these indemnification provisions will fully protect us, and as a result we may face unexpected liabilities that adversely affect our consolidated results of operations, financial condition and cash flows.

***We are a decentralized company, which presents certain risks.***

With a diverse geographic footprint in both North America and internationally, we believe our decentralized structure has catalyzed our growth and enabled us to remain responsive to opportunities and to our customers' needs by leaving significant control and decision-making authority and accountability in the hands of local management. Because we are decentralized, we may be slower to detect compliance-related problems (e.g., a rogue employee undertaking activities that are prohibited by applicable law or by our internal policies) and "company-wide" business initiatives, such as the integration of disparate information technology systems, are often more challenging and costly to implement than they would be in a more centralized environment. Depending on the nature of the problem or initiative in question, such failure could materially adversely affect our business, financial condition or results of operations.

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**We are subject to various environmental, employee safety and health, and customs and export laws and regulations, which could subject us to significant liabilities and compliance expenditures.**

We are subject to foreign, federal, state and local environmental laws and regulations concerning air emissions, wastewater discharges, underground storage tanks and solid and hazardous waste disposal at or from our facilities. Our operations are also subject to various employee safety and health laws and regulations, including those concerning occupational injury and illness, employee exposure to hazardous materials and employee complaints. We are also subject to customs and export laws and regulations for international shipment of our products. Environmental, employee safety and health, and customs and export laws and regulations are comprehensive, complex and frequently changing. Some of these laws and regulations are subject to varying and conflicting interpretations. We are subject from time to time to administrative and/or judicial proceedings or investigations brought by private parties or governmental agencies with respect to environmental matters, employee safety and health issues or customs and export issues. Proceedings and investigations with respect to environmental matters, any employee safety and health issues or customs and export issues could result in substantial costs to us, divert our management's attention and result in significant liabilities, fines or the suspension or interruption of our **service center** **operating** activities. Some of our current properties are located in industrial areas with histories of heavy industrial use. The location of these properties may require us to incur environmental expenditures and to establish accruals for environmental liabilities that arise from causes other than our operations. In addition, we are currently remediating contamination in connection with a certain property related to activities at former manufacturing operations of a subsidiary we acquired. Future events, such as changes in existing laws and regulations or their enforcement, new laws and regulations or the discovery of conditions not currently known to us, could result in material environmental or export compliance or remedial liabilities and costs, constrain our operations or make such operations more costly.

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**We operate internationally and are subject to **changes in tax rates**, **exchange rate fluctuations**, **exchange controls**, **political risks** and other risks relating to international operations.**

**Six** **Seven** percent of our **2022** **2023** consolidated net sales were from operations outside the U.S., subjecting us to the risks of doing business on a global level. These risks include **changes in tax rates**, fluctuations in currency exchange rates, economic instability and disruptions, restrictions on the transfer of funds and the imposition of duties and tariffs. Additional risks from our multinational business include transportation delays and interruptions, war, terrorist activities, epidemics, pandemics, political instability, import and export controls, local regulation, changes in governmental policies, inflation, labor unrest and current and changing regulatory environments. International political and military conflict, such as the **current conflict between Russia and war in Ukraine**, **or** increasing tensions between Taiwan and China, **or evolving events in Israel and Gaza** could materially adversely affect the global economy. In addition, government policies on international trade and investment such as import quotas, tariffs, and capital controls, whether adopted by individual governments or addressed by regional trade blocs, can affect the demand for our customers' products and services. The implementation of more restrictive trade policies, such as higher tariffs or new barriers to entry, in countries in which our customers sell large quantities of products and services could negatively impact our business, results of operations and financial condition. **The Organization for Economic Cooperation and Development ("OECD") has created a framework among 140 countries with the objective of implementing a global minimum effective tax rate of 15%. While we do not anticipate a material impact to our effective income tax rate under these changes, as additional jurisdictions adopt this legislation and the rules continue to evolve, our effective income tax rate and income taxes paid could increase in future years.**

Our operating results could be negatively affected by the global laws, rules and regulations, as well as political environments in the jurisdictions in which we operate. For example, we are subject to the FCPA, and similar worldwide anti-bribery laws in non-U.S.

jurisdictions such as the United Kingdom's Bribery Act 2010, which generally prohibit companies and their intermediaries from corruptly paying, offering to pay, or authorizing the payment of money, a gift, or anything of value, to a foreign official or foreign political party, for purposes of obtaining or retaining business. A company can be held liable under these anti-bribery laws not just for its own direct actions, but also for the actions of its foreign subsidiaries or other third parties, such as agents or distributors. In addition, we could be held liable for actions taken by employees or third parties on behalf of a company that we acquire. If we fail to comply with the requirements under these laws and other laws, we are subject to due to our international operations, regulations, we may face possible civil and/or criminal penalties, which could have a material adverse effect on our business or financial results.

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***We rely on information management systems and any damage, interruption or compromise of our information technology management systems, networks or data could disrupt and harm our business.***

We rely upon information technology systems and networks in connection with the operation of our business, some of which are managed by third parties, to process, transmit and store electronic information in connection with the operation of our business, information. These systems and networks may include operational technology systems that we use to operate and manage our equipment and inventory. Additionally, we collect and store data that is sensitive to our company, including proprietary business information and the personal information of our employees, customers or others. Operating these information technology systems and networks and processing and maintaining this data, in a secure manner, is critical to our business operations and strategy. Our information management systems and the data contained therein are vulnerable to threats and disruption, including interruption due to power loss, system and network failures, operator negligence and similar causes.

In addition, our systems and data are susceptible to security cybersecurity incidents, such as viruses, malware, ransomware and other cybersecurity attacks. Cybersecurity attacks are increasing in frequency and sophistication. Cybersecurity attacks may range from random attempts to coordinated and targeted attacks, including sophisticated computer crime and advanced threats. These threats pose a risk to the security of our information technology systems and networks and the confidentiality, availability and integrity of our data. We have experienced cybersecurity events such as viruses and attacks on our IT systems. To date, none of these events has had a material impact on our operations or financial results.

Despite our efforts to protect our systems, networks and data, we cannot guarantee protection from all security cybersecurity incidents, including theft, misplaced or lost data, programming errors, or employee errors that could potentially lead to the compromise of such data, improper use of our systems, software solutions or networks, unauthorized access, use, disclosure, modification or destruction of information, defective products, production downtimes and operational

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disruptions. Furthermore, data protection laws and regulations around the world often require "reasonable," "appropriate" or "adequate" technical and organizational security measures, and the interpretation and application of those laws and regulations are often uncertain and evolving; there can be no assurance that our security measures will be deemed adequate, appropriate or reasonable by a regulator or court. Moreover, even security measures that are deemed appropriate, reasonable, and/or in accordance with applicable legal requirements may not be able to protect the information we maintain.

Given the unpredictability of the timing, nature and scope of security incidents such as cybersecurity attacks or potential disruptions, we are subject to production downtimes, operational delays, other detrimental impacts on our operations or ability to provide products and services to our customers, the compromising, misappropriation, destruction or corruption of data, unauthorized access to or acquisition of data, other manipulation or improper use of our systems or networks, financial losses from remedial actions, loss of business or potential liability, and/or damage to our reputation, any of which could have a material adverse effect on our competitive position, results of operations, cash flows or financial condition. Any significant compromise of our information management systems and networks or data could impede or interrupt our business operations and may result in negative consequences including loss of revenue, fines, penalties, litigation, reputational damage, regulatory actions or increased regulatory scrutiny, inability to accurately and/or timely complete required filings with government entities including the SEC and the Internal Revenue Service, unavailability or disclosure of confidential information (including personal data), negative impact on our stock price, environmental damage, and personal injury or death. Furthermore, we may be required to expend significant attention and financial resources to protect against physical or security incidents that could result in the misappropriation of our information or the information of our employees and customers.

While we have purchased cybersecurity insurance, there are no assurances that the coverage would be adequate in relation to any incurred losses. Moreover, as cyber-attacks increase in frequency and magnitude, we may be unable to obtain cybersecurity insurance in amounts and on terms we view as adequate for our operations.

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***Our enterprise data practices, including the collection, use, sharing, and security of the personal identifiable information of our customers, employees, or suppliers are subject to increasingly complex, restrictive, and punitive regulations in all key market regions.***

Various federal, state, and foreign laws and regulations as well as industry standards and contractual obligations govern the collection, use, retention, protection, disclosure, cross-border transfer, localization, sharing, and security of the data we receive from and about our customers, employees, suppliers, and other individuals. The regulatory environment for the collection and use of personal information for companies is evolving in the United States U.S. and internationally. The U.S. federal government, U.S. states, and foreign governments, including those in Europe, the United Kingdom, China, Singapore, South Korea, and elsewhere have enacted (or are considering) laws and regulations that may restrict our ability to collect, use, and disclose personal information and may increase or change our obligations with respect to storing or managing our employees' personal information, as well as our customers' or suppliers' data, which may include individuals' personal information.

Under global data privacy and data protection regulations, the failure to maintain compliant data practices could result in consumer complaints, regulatory inquiry, civil or criminal penalties, litigation, legal liability, as well as brand impact or other harm to our business. In addition, increased consumer sensitivity to real or perceived failures in maintaining acceptable data practices could damage our reputation and deter current and potential users or customers from using our products and services. Because many of these laws are new, there is little clarity as to their interpretation, as well as a lack of precedent for the scope of enforcement. The cost of compliance

with these laws and regulations will be high and is likely to increase in the future. For example, in Europe, the General Data Protection Regulation applies to all of our ongoing operations in the EU as well as some of our operations outside of the EU that involve the processing of EU personal data. This regulation imposes significant potential financial penalties for noncompliance, including fines of up to 4% of worldwide revenue. Other foreign, state and local jurisdictions have adopted and are considering adopting, laws and regulations imposing obligations regarding personal data. In some cases, these laws provide a private right of action that would allow customers to bring suit directly against us for mishandling their data or security incidents involving their personal information. The cost of compliance with these laws and regulations will be high and is likely to increase in the future.

***Our financial results may be affected by various legal and regulatory proceedings, including those involving antitrust, tax, environmental, or other matters.***

We are subject to a variety of litigation and legal compliance risks. These risks include, among other things, possible liability relating to product liability, personal injuries, intellectual property rights, contract-related claims, government contracts, taxes, environmental matters and compliance with U.S. and foreign laws, including competition laws and laws governing improper business practices. We or one of our subsidiaries could be charged with wrongdoing as a result of such matters. If convicted or found liable, we could be subject to significant fines, penalties, repayments, or other damages (in

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certain cases, treble damages). As a global business, we are subject to complex laws and regulations in the U.S. and other countries in which we operate. Those laws and regulations may be interpreted in different ways. They may also change from time to time and so may their related interpretations. Changes in laws or regulations could result in higher expenses and payments, and uncertainty relating to laws or regulations may also affect how we conduct our operations and structure our investments and could limit our ability to enforce our rights.

***The volatility of the stock market could result in a material impairment of goodwill or indefinite-lived intangible assets.***

We review the recoverability of goodwill and indefinite-lived intangible assets annually or whenever significant events or changes in circumstances occur that might impair the recovery of recorded costs. Factors that may be considered a change in circumstances, indicating that the carrying value of our goodwill or indefinite-lived intangible assets may not be recoverable, include a decline in stock price and market capitalization, declines in the market conditions for our products, viability of end markets, loss of customers, reduced future cash flow estimates, and slower growth rates in our industry. For example, we recognized \$137.5 million of impairment and restructuring charges in the first quarter of 2020 due to our reduced long-term outlook for our energy-related businesses related to declines in the energy (oil and natural gas) market. If prices for the products our customers sell fall substantially or remain low for a sustained period, we may be (i) unable to realize a profit from businesses that service such customers, (ii) required to record additional impairments, or (iii)

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required to suspend or reorganize operations that service such customers. An impairment charge, if incurred, could be material.

***Our business operations and financial performance could be adversely affected by changes in our relationship with our employees or changes to U.S. or foreign employment regulations.***

We had approximately **14,500** **15,000** employees worldwide as of **December 31, 2022** **December 31, 2023**. This means we have a significant exposure to changes in domestic and foreign laws governing our relationships with our employees, including wage and hour laws and regulations, fair labor standards, minimum wage requirements, overtime pay, unemployment tax rates, workers' compensation rates, citizenship requirements and payroll taxes, which likely would have a direct impact on our operating costs. A significant increase in minimum wage or overtime rates in jurisdictions where we have employees could have a significant impact on our operating costs and may require that we relocate those operations or take other steps to mitigate such increases, all of which may cause us to incur additional costs, expend resources responding to such increases and lower our profitability.

***We face certain risks associated with potential labor disruptions.***

Approximately **13%** **12%** of our employees are covered by collective bargaining agreements and/or are represented by unions or workers' councils. Approximately **500** **700** employees are covered by **23** **19** different collective bargaining agreements that expire in **2023**, **2024 unless renewed**. While we believe that our relations with our employees are generally good, we cannot provide assurances that we will be completely free of labor disruptions such as work stoppages, work slowdowns, union organizing campaigns, strikes, lockouts or that any existing labor disruption will be favorably resolved. We could incur additional costs and/or experience work stoppages that could adversely affect our business operations through a loss of revenue and strained relationships with customers.

**Risks Related to our Indebtedness**

***Our indebtedness could impair our financial condition or cause a downgrade of our credit rating and reduce the funds available to us for other purposes and our failure to comply with the covenants contained in our debt instruments could result in an event of default that could adversely affect our operating results.***

We have substantial debt service obligations. As of **December 31, 2022** **December 31, 2023**, we had aggregate outstanding indebtedness of approximately **\$1.66 billion**, which was reduced to **\$1.16 billion** in January 2023 as a result of the redemption of **\$500.0 million** of senior unsecured notes, **\$1.15 billion**. This indebtedness could adversely affect us in the following ways:

- additional financing may not be available to us in the future for working capital, capital expenditures, acquisitions, general corporate purposes or other purposes and, if available, may be considerably more costly than our current debt **service costs**;
- a significant portion of our cash flow from operations must be dedicated to the payment of interest and principal on our debt, which reduces the funds available to us for our operations, **dividends and share repurchases** or other purposes;

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- our leverage may increase our vulnerability to economic downturns and limit our ability to withstand adverse events in our business by limiting our financial alternatives; and
- our ability to capitalize on significant business opportunities, including potential acquisitions, and to plan for, or respond to, competition and changes in our business may be limited due to our indebtedness.

Our existing debt agreements contain financial and restrictive covenants that limit the total amount of debt that we may incur and may limit our ability to engage in other activities that we may believe are in our long-term best interests. Our failure to comply with these covenants may result in an event of default, which, if not cured or waived, could accelerate the maturity of our indebtedness or prevent us from accessing additional funds under our revolving credit facility. If the maturity of our indebtedness is accelerated, we may not have sufficient cash resources to satisfy our debt obligations and we may not be able to continue our operations as planned. See discussion regarding our financial covenants in the

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*"Liquidity and Capital Resources" section of Item 7 "Management's Discussion and Analysis of Financial Condition and Results of Operations."*

***We may not be able to generate sufficient cash flow to meet our existing debt service obligations.***

Our ability to generate sufficient cash flow from operations, available under our revolving credit facility or access the capital markets to make scheduled payments on our debt obligations will depend on our future financial performance, which will be affected by a range of economic, competitive and business factors, many of which are outside of our control. For example, we may not generate sufficient cash flow from our operations to repay amounts due on our debt securities when they mature in 2025, 2030 and 2036. If we do not generate sufficient cash flow from operations or have availability to borrow on our revolving credit facility to satisfy our debt obligations, we would expect to undertake alternative financing plans, such as refinancing or restructuring our debt, selling assets, reducing or delaying capital investments or seeking to raise additional capital. We may not be able to consummate any such transactions at all or on a timely basis or on terms, and for proceeds, that are acceptable to us. These transactions may not be permitted under the terms of our various debt instruments then in effect. Our inability to generate sufficient cash flow to satisfy our debt obligations or to timely refinance our obligations on acceptable terms could adversely affect our ability to serve our customers or we may not be able to continue our operations as planned.

***We are permitted to incur more debt, which may intensify the risks associated with our current leverage, including the risk that we will be unable to service our debt or that our credit rating may be downgraded.***

We may incur substantial additional indebtedness in the future. Although the terms governing our indebtedness contain restrictions on our ability to incur additional indebtedness, these restrictions are subject to numerous qualifications and exceptions, and the indebtedness we may incur in compliance with these restrictions could be substantial. If we incur additional debt, the risks associated with our leverage, including the risk that we will be unable to service our debt or that we may be subject to a credit rating downgrade, may increase.

***Our acquisition strategy and growth-related capital expenditures may require access to external capital, and limitations on our access to external financing sources could impair our ability to grow.***

We may have to rely on external financing sources, including commercial borrowings and issuances of debt and equity securities, to fund our acquisitions and growth-related capital expenditures. Limitations on our access to external financing sources, whether due to tightened capital markets, more expensive available capital with unfavorable interest rates or otherwise, could impair our ability to execute our growth strategy.

**Because all of our available borrowing capacity on our revolving credit facility bears interest at rates that fluctuate with changes in certain prevailing short-term interest rates, if we increase our leverage in the future, we are vulnerable to increases in interest rates.**

The available borrowing on our revolving credit facility bears interest at rates that fluctuate with changes in certain short-term prevailing interest rates, primarily based on the Secured Overnight Finance Rate for deposits of U.S. dollars ("SOFR"). SOFR is a broad measure of the cost of borrowing cash overnight collateralized by Treasury securities. As of December 31, 2022 December 31, 2023, we had \$1.49 billion an insignificant amount of variable interest rate debt outstanding. However, as of December 31, 2023, we had approximately \$1.5 billion available for borrowing on our revolving credit facility with interest on borrowings at variable rates based on SOFR following an amendment to our credit agreement in January 2023, interest rates. We currently do not use derivative financial instruments to manage the potential impact of interest rate risk. Accordingly, our interest expense for any particular period will fluctuate based on SOFR and other variable interest rates if we borrow on our revolving credit facility, our interest expense will fluctuate based on the Secured Overnight Financing Rate and other variable interest rates.

#### **Item 1B. Unresolved Staff Comments**

None.

#### **Item 1C. Cybersecurity**

##### **Risk Management and Strategy**

Reliance has implemented processes for assessing, identifying and managing material risks from cybersecurity threats, which are integrated into the Company's overall enterprise risk management systems and processes. The Company's cybersecurity risk program is largely based on the U.S. National Institute for Standards and Technology ("NIST") cybersecurity framework and other applicable industry frameworks. The Company regularly assesses the threat landscape and takes a holistic view of cybersecurity risks, with a layered cybersecurity strategy based on prevention, detection and containment. The Company has also engaged third parties in connection with the assessment and advancement of its cybersecurity risk management processes. We undertake regular vulnerability scanning, periodic penetration testing and maturity assessments with the support of third parties; vulnerabilities are subsequently addressed based on risk/benefit analyses.

To support our preparedness, we have constituted a Cybersecurity Review Committee ("CRC") and adopted a written cybersecurity incident response plan ("CIRP"). In the event of a cybersecurity incident, our CRC refers to our CIRP and existing management internal controls processes. Pursuant to these prescribed processes, designated personnel are

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responsible for assessing the severity of the incident and any associated threats, containing and resolving the incident as quickly as possible, managing any damage to the Company's systems and networks, minimizing the impact on the Company's stakeholders, analyzing and executing upon reporting obligations, escalating information about the incident to senior management and potentially representatives from the Board, as appropriate, and performing post-incident analysis and program enhancements, as needed. We perform tabletop exercises to test our incident response procedures, identify cybersecurity gaps and vulnerabilities and improvement opportunities and exercise team preparedness.

Reliance mandates regular cybersecurity training for employees and applicable contractors and considers this a critical step in safeguarding the Company's data and assets. The training is designed to provide employees and contractors with a baseline understanding of cybersecurity fundamentals to prevent security breaches and safely identify potential threats. The course includes enhancements to strengthen our defensive stance against the increasing number and sophistication of cyberattacks worldwide and also includes interactive modules covering various cyberattack methodologies, including insider attacks, phishing and other email attacks, malware attacks, data protection, data handling, password protections, cloud and internet security and cybersecurity fundamentals for mobile devices. We take a risk-based approach with respect to our use and oversight of third-party service providers, using a number of means to assess cyber risks related to our third-party service providers, including vendor questionnaires, conducting due diligence in connection with onboarding new vendors, and negotiating for cybersecurity-related terms in vendor agreements as appropriate. We also seek to collect and assess cybersecurity audit reports and other supporting documentation when available.

### **Cybersecurity Risks**

Like other complex corporations, Reliance is the target of cyber-attacks from time to time. However, since January 1, 2021 (the first date covered by the financial statements presented in this Form 10-K) we have not experienced any cybersecurity incident that has materially affected or is reasonably likely to materially affect the Company, including its business strategy, results of operations or financial condition. For additional information about risks related to cybersecurity, please see the risk factor set forth under the caption *Item 1A. "Risk Factors"* the Risk Factor captioned "*We rely on information management systems and any damage, interruption or compromise of our information technology management systems, networks or data could disrupt and harm our business.*"

### **Governance**

#### *Roles and Responsibilities*

Cybersecurity is an important element of our risk management processes and an area of particular focus for Reliance's Board of Directors and management. The Company's Sr. Director, Information Security ("ISD") serves as single point of communication and coordination for protecting the Company and its digital information. The ISD performs an initial assessment of each reported cyber incident and escalates all non-trivial cybersecurity incidents and risks to the CRC. The CRC is primarily responsible for assessing and managing material risks from cybersecurity threats and is comprised of a cross-functional team including the ISD, the Chief Information Officer ("CIO") as well as senior representatives from the Company's risk management, finance and legal functions. The ISD has 17 years of cybersecurity experience, including 6 years with Reliance. The ISD maintains industry recognized credentials relevant to his role.

The Board, acting through its committee structure, is responsible for overseeing management's implementation and execution of the enterprise risk management processes and for coordinating the outcome of reviews by Committees in their respective risk areas. Although each Committee is responsible for overseeing the management of certain risks, the full Board is regularly informed by the Committees about these risks. This helps enable the Board and the Committees to coordinate risk oversight and the relationships among the various risks faced by the Company, including cybersecurity risk. Directors with experience overseeing and managing risk management processes play a critical role in the Board's oversight of our enterprise risk management processes.

The full Board has designated the Audit Committee to be responsible for oversight of cybersecurity risk. The Audit Committee receives regular reports from the CIO and the ISD that may discuss topics such as prior assessments, cybersecurity trends, prior cybersecurity events, and planned enhancements. In addition, the Audit Committee also receives

regular periodic reports regarding information technology general controls in connection with its oversight of internal control over financial reporting. The Chair of the Audit Committee regularly briefs the full Board on these matters.

## Item 2. Properties

As of December 31, 2022 December 31, 2023, we operated a network of approximately over 315 locations in 40 U.S. states and in 12 foreign countries. In the opinion of management, all of our facilities are in good or excellent condition and are adequate for our existing operations. These facilities currently operate at about 50-60% of capacity based upon a 24-hour seven-day week,

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with each location averaging approximately two shifts operating at full capacity for a five-day work week. We have the ability to increase our operating capacity significantly without further investment in facilities or equipment if demand levels increase.

We leased 97 86 of our metals service center facilities as of December 31, 2022 December 31, 2023. In addition, we have ground leases and other leased spaces, such as depots, sales offices and storage, totaling 6.9 million 6.0 million square feet. Total square footage on all company-owned properties is approximately 29.6 million 31.0 million and represents approximately 81% 84% of the total aggregate square footage of our operating facilities. Our leases of facilities and other spaces expire at various times through 2045 and certain ground leases expire at various times through 2068. The aggregate monthly rent amount for these properties is approximately \$2.9 million.

## Item 3. Legal Proceedings

The information contained under the captions "Legal Matters" and "Environmental Contingencies" in Note 16—"Commitments and Contingencies" to our consolidated financial statements in Part II, Item 8 "Financial Statements and Supplementary Data" is incorporated herein by reference.

## Item 4. Mine Safety Disclosures

Not applicable.

## PART II

## Item 5. Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities

Our common stock is owned by 171 163 stockholders of record as of February 24, 2023 February 23, 2024. Our common stock has traded for the past 29 years on the NYSE New York Stock Exchange ("NYSE") under the symbol "RS" and was first traded for approximately 30 years since our September 16, 1994, initial public offering. Our stockholders of record exclude those stockholders whose shares are held for them in street name through banks, brokers or other nominee accounts.

We have paid quarterly cash dividends on our common stock for 63 64 consecutive years and have never reduced or suspended our regular quarterly dividend. In February 2023, 2024, our Board of Directors increased the regular quarterly dividend amount 14.3% 10.0% to \$1.00 \$1.10 per share from \$0.875 \$1.00 per share. This recent increase is the 30th increase in We have increased our regular quarterly dividend rate 31 times since our IPO in 1994. Further increases in the quarterly dividend rate will be evaluated by the Board based on conditions then existing, including our earnings, cash flows, financial condition and capital requirements, or other

factors the Board may deem relevant. We expect to continue to declare and pay dividends in the future, if earnings are available to pay dividends, but we also intend to continue to retain a portion of earnings for reinvestment in our operations and expansion of our businesses. We cannot assure you that any dividends will be paid in the future or that, if paid, the dividends will be at the same amount or frequency as paid in the past. Our payment of dividends in the future will depend on business conditions, our financial condition, earnings, liquidity and capital requirements and other factors.

On **July 26, 2022** **October 24, 2023**, our Board of Directors **amended** **renewed** our then existing share repurchase program authorized on **July 20, 2021** to increase the remaining repurchase authorization from \$261.5 million to \$1.0 billion. **\$1.5 billion effective October 30, 2023**. The share repurchase program does not obligate us to repurchase any specific number of shares, does not have a specific expiration date and may be suspended or discontinued at any time. We repurchase shares of our common stock from time to time pursuant to a combination of one or more open market repurchases and transactions structured through investment banking institutions in reliance upon Rule 10b5-1 and/or Rule 10b-18 under the Exchange Act.

During 2022, we repurchased approximately 3.5 million shares of our common stock at an average cost of \$178.81 per share, for a total of \$630.3 million. As of December 31, 2022, we had remaining authorization under the plan to repurchase \$680.7 million of our common shares.

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During 2023, we repurchased approximately 1.9 million shares of our common stock under our repurchase program at an average cost of \$255.30 per share, for a total of \$479.5 million. As of December 31, 2023, we had remaining authorization under the program to repurchase \$1.44 billion of shares of our common stock.

Our share repurchase activity during the three months ended **December 31, 2022** **December 31, 2023** was as follows: set forth below:

Period	Total Number of Shares Purchased				Maximum Dollar Value That May Be Purchased				Total Number of Shares Purchased				Maximum Dollar Value That May Be Purchased			
	Total Number of Shares Purchased	Average Per Share	Shares Purchased as Part of Publicly Announced Plan		Maximum Dollar Value That May Be Purchased Under the Plan				Total Number of Shares Purchased	Average Per Share			Maximum Dollar Value That May Be Purchased Under the Plan			
			Shares Purchased	Per Share	Shares Purchased	Per Share	Shares Purchased	Per Share	Shares Purchased	Per Share	Shares Purchased	Per Share				
(in millions)																
October 1 - October 31, 2022	335,430	\$ 182.61	335,430	\$ 702.1						811,380	\$ 253.78	811,380	\$ 1,474.2			
November 1 - November 30, 2022	67,004	\$ 198.30	67,004	\$ 688.8						118,717	\$ 262.75	118,717	\$ 1,443.0			
December 1 - December 31, 2022	40,413	\$ 199.35	40,413	\$ 680.7						12,310	\$ 264.61	12,310	\$ 1,439.7			
October 1 - October 31, 2023										811,380	\$ 253.78	811,380	\$ 1,474.2			
November 1 - November 30, 2023										118,717	\$ 262.75	118,717	\$ 1,443.0			
December 1 - December 31, 2023										12,310	\$ 264.61	12,310	\$ 1,439.7			
Total	442,847	\$ 186.51	442,847							942,407	\$ 255.05	942,407				

The table above excludes taxes paid for shares withheld to settle employees' tax withholding obligations related to net share settlements upon the vesting of restricted stock units.

Information relating to compensation plans under which our equity securities are authorized for issuance will be included in our definitive Proxy Statement for our 2023 Annual Meeting of Stockholders to be held on May 17, 2023 May 15, 2024 and is incorporated herein by reference.

#### **Stock Performance Graph**

This graph is not deemed to be "filed" with the United States Securities and Exchange Commission ("SEC") or subject to the liabilities of Section 18 of the Exchange Act and should not be deemed to be incorporated by reference into any of our prior or subsequent filings under the Securities Act of 1933 or the Exchange Act.

The following graph compares the performance of our common stock with that of the S&P 500, the Russell 2000 and an industry peer group consisting of publicly-traded metals service center companies (the "industry peer group") for the five-year period from December 31, 2017 December 31, 2018 through December 31, 2022 December 31, 2023. The graph assumes, in each case, that an initial investment of \$100 is made at the beginning of the five-year period. The cumulative total return reflects market prices at the end of each year and the reinvestment of dividends. Since there is no nationally-recognized industry index consisting of metals service center companies to be used as a peer group index, Reliance constructed the industry peer group. As of December 31, 2022 December 31, 2023, the industry peer group consisted of Olympic Steel Inc., which has securities listed for trading on NASDAQ; Ryerson Holding Corporation, and Worthington Industries, Enterprises, Inc., each of which has securities listed for trading on the NYSE; and Russel Metals Inc., which has securities listed for trading on the Toronto Stock Exchange. The returns of each member of the industry peer group are weighted according to that member's stock market capitalization.

In December 2023, Worthington Industries, Inc., which was included in the industry peer group at December 31, 2022, split into Worthington Enterprises, Inc. and Worthington Steel, Inc. The newly traded Worthington Steel, Inc. common stock received by the holders of Worthington Enterprises, Inc. common stock at the distribution date is not included in the cumulative total return of the industry peer group.

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The stock price performance shown on the graph below is not necessarily indicative of future price performance.

#### **Comparison of 5 Year Cumulative Total Return Among Reliance, Steel & Aluminum Co. Inc., the S&P 500 Index, the Russell 2000 Index and an Industry Peer Group**



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	2017	2018	2019	2020	2021	2022	2018	2019	2020	2021	2022	2023
Reliance Steel & Aluminum Co.	\$100.00	\$84.86	\$146.17	\$149.83	\$206.49	\$262.31						
Reliance, Inc.							\$100.00	\$172.25	\$176.56	\$243.33	\$309.10	\$431.00
S&P 500	100.00	95.62	125.72	148.85	191.58	156.89	100.00	131.49	155.68	200.37	164.08	200.00
Russell 2000	100.00	88.99	111.70	134.00	153.85	122.41	100.00	125.52	150.58	172.90	137.56	161.00
Industry Peer Group	100.00	98.21	95.32	112.11	166.30	147.30	100.00	97.06	114.15	169.33	149.98	200.00

#### Item 6. [Reserved]

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#### Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations

This Management's Discussion and Analysis of Financial Condition and Results of Operations should be read in conjunction with the other sections of this Annual Report on Form 10-K, including the consolidated financial statements and related notes contained in Item 8, and the discussion of cautionary statements and significant risks to the Company's business under *Item 1A 1A. "Risk Factors"* of this Annual Report on Form 10-K.

##### Overview

We again generated record financial performance in 2022 across nearly every key metric. Outstanding execution resulted in record profitability in the face of declining metals pricing throughout the year. Our earnings per diluted share of \$22.64 and operating cash flow of \$1.67 billion were the second highest in our history. We believe our record performance in 2022 demonstrated the resiliency of our business model during a year that included significant volatility and varying trends in metals pricing, but fundamentally strong demand in most of our end markets.

**Key results** Tons sold increased 3.7% in 2022-2023 compared to 2022 due to healthy demand in our key end markets, including non-residential construction (our largest end market), automotive and aerospace, as well as contributions from our organic growth activities. The increase in our tons sold in 2023 significantly outperformed the 1.5% increase in shipments for the industry as reported by the Metals Service Center Institute ("MSCI").

- Record net sales of \$17.03 billion in 2022, up from \$14.09 billion in 2021.
- Record earnings per diluted share of \$29.92 were up from \$21.97 in 2021 and were nearly triple our pre-pandemic earnings per diluted share in 2019.
- Record cash generated by our operations of \$2.12 billion eclipsed our previous record of \$1.30 billion in 2019.
- Record stockholder returns of \$847.4 million, comprised of \$217.1 million of dividends and \$630.3 million of share repurchases, increased from \$500.5 million of such returns in 2021.

Our record net sales of \$14.81 billion declined 13.0% in 2023 compared to record levels of \$17.03 billion in 2022 were mainly the result of due to a record decline in our average selling price per ton sold of \$3,073, up 18.5% from our previous record set last year, and a 1.8% 16.4% that was partially offset by an increase in tons sold. However, unlike in 2021, during which metals pricing improved throughout the year, our average selling price per ton sold reached a quarterly record of \$3,240 in the second quarter of 2022 and declined for the remainder of the year. We experienced healthy demand across a majority of our end markets, however our same-store tons sold decreased slightly from 2021. We believe that the continued, though diminishing, supply chain disruptions on our customers continue to constrain economic activity and negatively impact our tons sold.

Our We believe record profitability metals pricing in 2022 was largely driven by supply chain disruptions caused by the result onset of our ability to maintain a strong gross profit margin the conflict between Russia and exercise effective expense control Ukraine, labor supply and microchip shortages, and impacts of the COVID-19 pandemic, including the omicron variant surge and lockdowns in an environment of elevated metals pricing and healthy demand.

We believe our success in generating strong gross profit margins during periods of economic strength and weakness, and during increasing and declining metal pricing cycles is supported by our continued significant capital expenditure investments. See further discussion, below, under "Internal Growth Activities." China.

Gross profit margin of 30.7% in 2023 compared to 30.8% in 2022.

Second highest annual earnings per diluted share of \$22.64 in 2023 compared to record earnings per diluted share of \$29.92 in 2022. Lower gross profit, driven by lower metals prices that outweighed an increase in tons sold, contributed to a decrease in earnings per share from our 2022 we generated over \$2 billion record.

Cash flow from operations of operating cash flow for \$1.67 billion in 2023, also the first time second highest in our history, as decreased from a result of record \$2.12 billion in 2022 due to lower profitability, and reduced partially offset by lower working capital investment mainly as a result of the declining metals pricing trends in the second half of 2022. The strong cash flow generation enabled us to grow our business and provide additional returns to our stockholders. During 2022, we invested into our future needs.

Organic growth with \$341.8 million activities were substantially comprised of capital expenditures and returned \$847.4 million of \$468.8 million in 2023 compared to our \$341.8 million in 2022. We also acquired Southern Steel Supply, LLC ("Southern Steel") in May 2023.

Returns to stockholders through record levels totaled \$717.6 million in 2023, comprised of \$238.1 million of cash dividends and \$479.5 million of share repurchases. We also increased our regular quarterly dividend rate by 14.3%, effective in the first quarter of 2023.

We believe our strong liquidity position that includes significant cash on hand, strong cash flow generation and \$1.5 billion of availability under our revolving credit facility will support our continued disciplined use of capital as we maintain a flexible approach

focused on growth, both organically and through acquisitions, and stockholder return activities.

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***Effect of Demand and Pricing Changes on our Operating Results***

Customer demand can have a significant impact on our results of operations. When volume increases, our revenue dollars generally increase, which contributes to increased gross profit dollars. Conversely, when volume declines, we typically produce fewer revenue dollars, which can reduce our gross profit dollars. Variable costs also increase with volume, primarily our warehouse, delivery, selling, general and administrative expenses. We can reduce certain variable expenses when volumes decline, but we cannot easily reduce our fixed costs.

Pricing for our products generally has a much more significant impact on our results of operations than customer demand levels. As discussed above, our record profitability in 2022 was primarily mainly driven by increases in metals prices to record metals prices. levels and to a lesser extent the moderate increase in our tons sold. Our revenues generally increase as a result of pricing increases as overall customer demand is not usually impacted by typical mill pricing increases. increases, although customer buying patterns may change. Our selling prices usually generally increase when the cost of the metals we purchase increase. We increase as we are typically able to pass higher prices on to our customers. If prices increase and we maintain the same gross profit percentage, we generate higher levels of gross profit and pretax income dollars for the same operational efforts. Conversely,

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if pricing declines, we will typically generate lower levels of gross profit and pretax income dollars. Because changes in metals pricing do not require us to adjust our expense structure other than for profit-based incentive compensation, the impact on our results of operations from changes in pricing is typically much greater than the effect of volume changes. For more information, see *Item 1A. "Risk Factors"* under the caption "The costs that we pay for metals fluctuate due to a number of factors beyond our control, and such fluctuations could adversely affect our operating results, particularly if we cannot pass on higher metal prices to our customers."

In addition, when volume or pricing increases, our working capital (primarily accounts receivable and inventories less accounts payable) requirements typically increase resulting in lower levels of which decreases operating cash flow from operations, which may also require us to increase our outstanding debt and incur higher interest expense. flow. Conversely, when customer demand falls, our operations typically generate increased cash flow as our working capital needs decrease. typically decrease which has the effect of increasing operating cash flow.

***Acquisitions***

***2024 Acquisitions***

On February 1, 2024, we acquired Cooksey Iron & Metal Company ("Cooksey Steel"), a metals service center that processes and distributes finished steel products, including tubing, beams, plates and bars, with cash on hand. Headquartered in Tifton, Georgia, Cooksey Steel operates three locations, servicing a diverse range of customers in Georgia, Florida, Alabama and South Carolina.

On February 14, 2024, we announced that we had entered into a definitive agreement to acquire American Alloy Steel, Inc. ("American Alloy") subject to regulatory approval and other customary closing conditions, which have not yet occurred. American Alloy is headquartered in Houston, Texas and is a distributor of specialty carbon and alloy steel plate and round bar, including pressure vessel quality (PVQ) material.

Combined unaudited revenues for Cooksey Steel and American Alloy for the twelve months ended December 31, 2023 were approximately \$400 million.

#### 2023 Acquisition

On May 1, 2023, we acquired Southern Steel with cash on hand. Southern Steel is headquartered in Memphis, Tennessee and offers merchant and structural steel, pipe and tube, steel plate, ornamental products and laser cut and fabricated parts. Included in our net sales for the year ended December 31, 2023 were net sales of \$30.6 million from Southern Steel.

#### 2021 Acquisitions

In the fourth quarter of 2021, we acquired each of United Pipe & Steel Corp. (formerly known as Merfish United, Inc.), Admiral Metals Servicenter Company, Incorporated, Nu-Tech Precision Metals Inc. and Rotax Metals Inc. with cash on hand for a combined transaction value of \$440.3 million. Included in our net sales for the year ended December 31, 2022 December 31, 2023 were combined net sales of \$863.0 million \$722.1 million from our 2021 acquisitions.

#### Internal Growth Activities

We continued to maintain our focus on internal growth by building new facilities, expanding existing facilities, replacing leased facilities with those we own and adding to our processing capabilities, upgrading processing equipment, improving the safety and energy efficiency of our operations and enhancing the working environments of our employees. Our capital expenditure budgets have been at historically high levels in recent years. Our 2023 2024 capital expenditure budget is \$500 million, the highest in our history approximately \$425 million.

We have made significant capital expenditure investments totaling over \$1.7 billion approximately \$2.2 billion over the past eight nine years. These significant investments have expanded our value-added processing capabilities that our managers in the field have successfully leveraged to increase the percentage of our orders with value-added processing, which has significantly contributed to increased gross profit margins in recent years. compared to our historical range. In 2022 2023 and 2021, 2022, we performed value-added processing on about approximately 50% to 51% of the orders we shipped, significantly higher than our historical range of 40% to 45%, with a gross profit margin of 30.8% 30.7% in 2022 2023 that was approximately 400 basis points higher than our historical gross profit margin range of 25% to 27% that existed prior to. For reference, in 2014 and 2013, our undertaking value-added processing percentages/gross profit margins were 45%/25.1% and 40%/26.0%, respectively.

We believe that our ability to make significant investments in processing equipment and facilities provides a competitive advantage for us, as we can provide our customers with a higher quality product and expand our services to

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them. We believe many metals service center company competitors do not have the ability to expand their processing services in response to their **customer**'s **customers**' needs as quickly and at the same scale as Reliance.

**Results of Operations**

The following sets forth certain income statement data for each of the last three years ended **December 31, 2022** **December 31, 2023** (dollars are shown in millions, **except per share amounts**, and certain percentages may not calculate due to rounding):

	Year Ended December 31,						Year Ended December 31,					
	2022		2021		2020		2023		2022		2021	
	% of		% of		% of		% of		% of		% of	
	Net	Sales	Net	Sales	Net	Sales	\$	Net Sales	\$	Net Sales	\$	Net Sales
Net sales	\$17,025.0	100.0	%\$14,093.3	100.0	%\$8,811.9	100.0	\$14,805.9	100.0 %	\$17,025.0	100.0 %	\$14,093.3	100.0 %
Cost of sales (exclusive of depreciation and amortization expense shown below)												
(1)	11,773.7	69.2	9,603.0	68.1	6,036.8	68.5	10,258.6	69.3	11,773.7	69.2	9,603.0	68.1
Gross profit(2)	5,251.3	30.8	4,490.3	31.9	2,775.1	31.5	4,547.3	30.7	5,251.3	30.8	4,490.3	31.9
Warehouse, delivery, selling, general and administrative expense ("SG&A")	2,504.2	14.7	2,306.5	16.4	1,874.0	21.3						
Warehouse, delivery, selling, general and administrative expense ("SG&A")							2,562.4	17.3	2,504.2	14.7	2,306.5	16.4

Depreciation and amortization expense	240.2	1.4	230.2	1.6	227.3	2.6	245.4	1.7	240.2	1.4	230.2	1.6
Impairment of long-lived assets	—	—	4.7	-	108.0	1.2	—	—	—	—	—	4.7
Impairment of intangible assets	—	—	—	—	—	—	—	—	—	—	—	—
Operating income	\$ 2,506.9	14.7 %	\$ 1,948.9	13.8 %	\$ 565.8	6.4 %	\$ 1,739.5	11.7 %	\$ 2,506.9	14.7 %	\$ 1,948.9	13.8 %
Net income attributable to Reliance	\$ 1,840.1	10.8 %	\$ 1,413.0	10.0 %	\$ 369.1	4.2 %	\$ 1,335.9	9.0 %	\$ 1,840.1	10.8 %	\$ 1,413.0	10.0 %
Diluted earnings per share attributable to Reliance stockholders	\$ 29.92		\$ 21.97		\$ 5.66		\$ 22.64		\$ 29.92		\$ 21.97	

<sup>(1)</sup> Cost of sales included \$8.1 million and \$13.7 million of amortization of inventory step-up to fair value adjustments in 2022 and 2021, respectively, relating to our 2021 acquisitions. Cost of sales included \$38.2 million of inventory provisions relating to the planned closure of certain energy-related operations in 2020.

<sup>(2)</sup> Gross profit, calculated as net sales less cost of sales, and gross profit margin, calculated as gross profit divided by net sales, are non-GAAP financial measures as they exclude depreciation and amortization expense associated with the corresponding sales. About half of our orders are basic distribution with no processing services performed. For the remainder of our sales orders, we perform "first-stage" processing, which is generally not labor intensive as we are simply cutting the metal to size. Because of this, the amount of related labor and overhead, including depreciation and amortization, is not significant and is excluded from cost of sales. Therefore, our cost of sales is substantially comprised of the cost of the material we sell. We use gross profit and gross profit margin as shown above as measures of operating performance. Gross profit and gross profit margin are important operating and financial measures as their fluctuations can have a significant impact on our earnings. Gross profit and gross profit margin, as presented, are not necessarily comparable with similarly titled measures for other companies.

Year Ended **December 31, 2022** December 31, 2023 Compared to Year Ended **December 31, 2021** December 31, 2022

*Net Sales*

Year Ended December 31,		Dollar	Percentage	Year Ended December 31,		Dollar	Percentage
2022	2021	Change	Change	2023	2022	Change	Change
(dollars in millions)							

Net sales	\$ 17,025.0	\$ 14,093.3	\$ 2,931.7	20.8 %
Net sales, same-store	\$ 16,162.0	\$ 13,922.2	\$ 2,239.8	16.1 %
<b>Year Ended December 31,</b>				
	<b>2022</b>	<b>2021</b>	<b>Tons</b>	<b>Percentage</b>
			<b>Change</b>	<b>Change</b>
(tons in thousands)				
Tons sold	5,570.8	5,472.9	97.9	1.8 %
Tons sold, same-store	5,404.5	5,438.1	(33.6)	(0.6)%
<b>Year Ended December 31,</b>				
	<b>2022</b>	<b>2021</b>	<b>Price</b>	<b>Percentage</b>
			<b>Change</b>	<b>Change</b>
(dollars in millions; tons in thousands)				
Net sales			\$14,805.9	\$17,025.0
Tons sold			5,779.2	5,570.8
Average selling price per ton sold	\$ 3,073	\$ 2,594	\$ 479	18.5 %
Average selling price per ton sold, same-store	\$ 3,001	\$ 2,578	\$ 423	16.4 %
			\$ 2,570	\$ (503)
				(16.4)%

Our tons sold and average selling price per ton sold exclude our tons toll processed. Our average selling price per ton sold includes intercompany transactions that are eliminated from our consolidated net sales. Same-store amounts exclude the results of our 2021 acquisitions.

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Our 2023 net sales and declined from 2022 record levels due to declines in our average selling price per ton sold that were partially offset by increases in 2022 were the highest tons sold. The increases in our history, surpassing our previous records set in 2021. Our sales in 2022 tons sold were supported by ongoing due to healthy demand in most of the our key end markets, we serve including non-residential construction (our largest end market), aerospace, and elevated automotive as well as contributions from our organic growth activities.

Our average selling price per ton sold peaked in the second quarter of 2022 and subsequently declined thereafter, including throughout 2023. We believe record metals pricing. However, we believe our tons sold continue to be limited pricing in 2022 was largely driven by supply chain disruptions on our customers that constrained economic activity, caused by the onset of the conflict between Russia and Ukraine, labor supply and microchip shortages, and impacts of the COVID-19 pandemic, including the omicron variant surge and lockdowns in China.

Since we primarily purchase and sell our inventories in the spot market, our average selling prices generally fluctuate similarly as with the changes in the costs of the various metals we purchase. Our average selling price per ton sold in 2022 was significantly

higher than in 2021, mainly due to significant mill price increases for our major product categories in purchase; the first half of 2022 that offset declining metal prices in the second half of 2022.

The mix of products sold can also have an impact on our overall average selling price per ton sold. As carbon steel sales represented 53% of our gross sales in 2023, changes in carbon steel prices have the most significant impact on changes in our overall average selling price per ton sold. Year-over-year changes in the selling prices of our major commodity products and related mix of gross sales dollars/our tons sold are presented below:

	Change in Average Selling		Change in Average Selling		Change in Percentage of	
	Price Per	% of	Price Per	Total		
	Ton Sold	Total Sales	Ton Sold	Tons Sold		
Carbon steel	10.1 %	54 %	(19.0)%	1.0 %		
Aluminum			(6.6)%	(0.3)%		
Stainless steel	28.8 %	17 %	(10.6)%	(0.7)%		
Aluminum	22.3 %	15 %				
Alloy	31.7 %	4 %	5.1 %	(0.3)%		

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*Cost of Sales and Gross Profit*

	Year Ended December 31,					
	2022		2021			
	% of		% of		Dollar	Percentage
	\$	Net Sales	\$	Net Sales	Change	Change
	(dollars in millions)					
Cost of sales	\$ 11,773.7	69.2 %	\$ 9,603.0	68.1 %	\$ 2,170.7	22.6 %
Gross profit	\$ 5,251.3	30.8 %	\$ 4,490.3	31.9 %	\$ 761.0	16.9 %

	Year Ended December 31,					
	2023		2022			
	% of		% of		Dollar	Percentage
	\$	Net Sales	\$	Net Sales	Change	Change
	(dollars in millions)					
Cost of sales	\$ 10,258.6	69.3 %	\$ 11,773.7	69.2 %	\$ (1,515.1)	(12.9)%
Gross profit	\$ 4,547.3	30.7 %	\$ 5,251.3	30.8 %	\$ (704.0)	(13.4)%
LIFO income	\$ (164.5)	(1.1)%	\$ (76.6)	(0.4)%	\$ (87.9)	

We generated record gross profit in 2023 decreased from 2022 mainly due to lower sales as a result of a significant increase in our average selling price per ton sold that outpaced exceeded the increase in average cost per ton tons sold.

In addition, we record in cost of sales non-cash adjustments to our LIFO method inventory valuation reserve which are included in cost of sales and, that, in effect, reflects cost of sales at current replacement costs, resulted in costs. The inventory caption of our consolidated balance sheet included a credit, or an increase to gross profit, LIFO method inventory valuation reserve of \$76.6 million \$579.3 million at December 31, 2023.

Furthermore, cost of sales in 2022 compared included to a charge, or a decrease to gross profit, of \$704.8 million in 2021. Our 2022 and 2021 gross profit was further reduced by \$8.1 million and \$13.7 million, respectively, \$8.1 million of non-recurring amortization of inventory step-up to fair value adjustments related to our 2021 acquisitions. As of December 31, 2022, the LIFO method inventory valuation reserve on our balance sheet was \$743.8 million, acquisitions that decreased gross profit margin by 10 basis points.

We were able to achieve stable gross profit margin margins despite the significantly different metals pricing environments in 2023 and 2022, was strong and higher than pre-pandemic levels, but declined from our record level in 2021 mainly due to different product pricing trends during the respective periods. Our gross profit margin in 2021 benefited from rapid and significant increases in metals prices and limited metals supply throughout the year, while our gross profit margin in 2022 compressed as our year-over-year average selling price per ton sold reached a peak declining 16.4% in 2023 compared to an 18.5% increase in 2022. We believe that our gross profit margins are supported by our product diversity, small order sizes, investments in value-added processing capabilities and healthy demand in the second quarter majority of 2022 and declined throughout the remainder of the year, end markets we serve.

See "Net Sales" above for further discussion on product pricing trends.

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#### Expenses

	Year Ended December 31,							
	2023		2022		Dollar Change	Percentage Change		
	% of Net Sales		% of Net Sales					
	\$	(dollars in millions)	\$	Net Sales				
SG&A expense	\$ 2,562.4	17.3 %	\$ 2,504.2	14.7 %	\$ 58.2	2.3 %		
Depreciation & amortization expense	\$ 245.4	1.7 %	\$ 240.2	1.4 %	\$ 5.2	2.2 %		

#### Expenses

	Year Ended December 31,							
	2022		2021		Dollar Change	Percentage Change		
	% of Net Sales		% of Net Sales					
	\$	(dollars in millions)	\$	Net Sales				
SG&A expense	\$ 2,504.2	14.7 %	\$ 2,306.5	16.4 %	\$ 197.7	8.6 %		
SG&A expense, same-store	\$ 2,419.2	15.0 %	\$ 2,288.6	16.4 %	\$ 130.6	5.7 %		
Depreciation & amortization expense	\$ 240.2	1.4 %	\$ 230.2	1.6 %	\$ 10.0	4.3 %		

Impairment of long-lived assets	\$ —	— %	\$ 4.7	— %	\$ (4.7)	(100.0)%
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Same-store amounts exclude the results of our 2021 acquisitions.

Our SG&A expense is made up largely of **people-related** compensation costs (approximately 60-65% historically), which **change fluctuate** based on **changes in** our headcount levels in response to demand levels and general inflation, and the level of incentive-based **compensation that is primarily tied to first-in, first-out ("FIFO") pretax income profitability at our operating locations and to a lesser extent our overall profitability for our executive officers and senior management compensation.**

The increase in our **same-store** SG&A expense in **2022****2023** compared to **2021****2022** was mainly due to higher variable **expenses costs** associated with **an increase in our tons sold, including increased headcount, and inflationary impacts on wage rates, fuel, freight and packaging costs, wages, which were partially offset by lower incentive-based compensation as our FIFO pretax income declined 9.0% in 2022 compared to 2021. See "Cost of Sales and Gross Profit" above for discussion of our LIFO method inventory valuation reserve..**

Our 2023 SG&A expense as a percentage of sales increased compared to 2022 mainly due to lower sales levels.

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*Operating Income*

Year Ended December 31,						Year Ended December 31,					
2022		2021		Dollar	Percentage	2023		2022		Dollar	Percentage
% of	% of	\$	\$	Change	Change	% of	% of	\$	\$	Change	Change
(dollars in millions)											
(dollars in millions)											

Operating income	\$2,506.9	14.7 %	\$1,948.9	13.8 %	\$558.0	28.6 %	\$1,739.5	11.7 %	\$2,506.9	14.7 %	\$ (767.4)	(30.6) %
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The increase in our operating income in 2022 as compared to 2021 was mainly due to record a result of lower gross profit, driven by a record lower average selling price per ton sold and fundamentally strong demand that offset a decline outweighed an increase in our gross profit margin tons sold, along with moderate increases in volume-related SG&A expenses and inflationary increases in certain SG&A expenses. impacts on wages.

Our 2023 gross profit margin was generally consistent with 2022 and consequently the decrease in our operating income margin for in 2023 from a record level in 2022 was a record and increased from 2021 mainly due to better lower net sales that decreased operating leverage relating to the significant increase in our net sales as our operating expenses as a percentage of sales decreased approximately 200 basis points, despite a significant increase in our SG&A expense, that offset the 110 basis point decline in our gross profit margin expense.

See "Net Sales" above for discussion of trends in demand and product costs and "Expenses" for trends in our operating expenses.

#### *Other (Income) Expense, Net*

	Year Ended December 31,					
	2023		2022			
	\$	% of Net Sales	\$	% of Net Sales	Dollar Change	
	(dollars in millions)					
Other (income) expense, net	\$ (41.3)	(0.3) %	\$ 14.2	0.1 %	\$ (55.5)	

The change in other (income) expense, net in 2023 compared to 2022 was mainly due to an increase in interest income as a result of higher cash and cash equivalent balances and interest earned thereon. See Note 15—"Other (Income) Expense, Net" to our consolidated financial statements in Part II, Item 8 "Financial Statements and Supplementary Data" for further information on other (income) expense, net.

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#### *Income Tax Rate*

Our effective income tax rate in 2022 was 24.1% 23.0%, compared to 24.7% 24.1% in 2021. The decrease in our effective income tax rate was mainly due to the effects of company-owned life insurance policies and lower state income taxes as a result of changes in the allocation of our U.S. income to the states in which we operate and an increase in tax benefit realized from our stock-based compensation plans, foreign earnings.

The difference between our 2023 effective income tax rate and the U.S. federal statutory rate of 21.0% was mainly due to state income taxes and higher foreign income tax rates partially offset by the effects of company-owned life insurance policies. See Note 11—"Income Taxes" to our consolidated financial statements in Part II, Item 8 "Financial Statements and Supplementary Data" for further information on the differences between our effective income tax rates and the U.S. federal statutory rate in 2022 and 2021.

See discussion in the "Results of Operations" and "Liquidity and Capital Resources" section of Item 7 "Management's Discussion and Analysis of Financial Condition and Results of Operations" of our Annual Report on Form 10-K for the year ended December 31, 2021 December 31, 2022.

## Financial Condition

### Operating Activities

We generated record net cash provided by operations of \$1.67 billion in 2023 decreased from \$2.12 billion in 2022, compared to \$799.4 million in 2021. Our record 2022. The impact of lower profitability on operating cash flow in 2022 was mainly due to a \$426.8 million, or 30.1%, increase in net income and reduced partially offset by lower working capital investment when compared with 2021. During 2021, significant and rapid increases in metals pricing and limited metals availability required a significantly higher investment in working capital than in 2022 during which our working capital needs peaked during the second quarter and as metals prices and our tons sold declined for the remainder of the year, we reduced our working capital levels and, as consequence, generated significant operating cash flow. To manage our working capital, we focus on our days sales outstanding and on our inventory turnover rate as receivables and inventory are the two most significant elements of our working capital. Our average days sales outstanding rate was 40.5 days in 2023 compared to 39.9 days in 2022 compared to 38.9 days in 2021. Our inventory turnover rate (based on tons) during 2022 was 4.7 times (or 2.6 months on hand) compared to 4.4 times (or 2.7 months on hand), a decrease from 4.8 times (or 2.5 months on hand) in 2021.

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Income taxes paid were \$386.3 million in 2023, a significant decrease from \$692.4 million in 2022, a significant increase from \$444.4 million in 2021, mainly due to our significantly higher lower pretax income.

### Investing Activities

Net cash used in investing activities of \$483.9 million in 2023 compared to \$348.5 million in 2022 compared to \$652.3 million in 2021 was substantially comprised of reduced spending on acquisitions capital expenditures and lower proceeds from sales of property, plant and equipment partially offset by increased capital expenditures. In 2022, we had the purchase price for an acquisition spending compared to \$439.3 million spent in 2021. Capital expenditures were \$468.8 million in 2023 compared to \$341.8 million in 2022 compared to \$236.6 million in 2021. The majority of our capital expenditures in 2022 and 2021 were related to growth initiatives.

### Financing Activities

Net cash used in financing activities was \$1.28 billion in 2023 compared to \$892.6 million in 2022, compared to \$528.9 million in 2021, mainly due to increased the redemption of \$500.0 million aggregate outstanding principal amount of senior notes in January 2023 offset by decreased share repurchases. In 2022, we spent \$630.3 million to repurchase shares repurchased \$479.5 million of our common stock, which reduced our common shares 3.2%, compared to \$323.5 million \$630.3 million of share repurchases in 2021. Our other stockholder return activities returns in 2022 included an increase in our quarterly dividend rate of 14.3%

with total cash dividends and dividend equivalents payments of \$217.1 million \$238.1 million compared to \$177.0 million \$217.1 million in 2021, 2022.

We have paid regular quarterly dividends to our stockholders for 63 64 consecutive years and increased the quarterly dividend on our common stock 30 31 times since our IPO in 1994, with the most recent increase of 14.3% 10.0% from \$0.875 \$1.00 per share to \$1.00 \$1.10 per share effective in the first quarter of 2023, 2024. We have never reduced or suspended our regular quarterly dividend.

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*Share Repurchases*

See Note 14—"Equity" to our consolidated financial statements in *Part II, Item 8 "Financial Statements and Supplementary Data"* for further information on our 2023 share repurchases.

On July 26, 2022 October 24, 2023, our Board of Directors amended renewed our share repurchase program to increase the remaining repurchase authorization to \$1.0 billion \$1.5 billion effective October 30, 2023. As of December 31, 2022 December 31, 2023, we had remaining authorization under the plan to repurchase \$680.7 million \$1.44 billion of shares of our common shares. stock. The share repurchase program does not obligate us to repurchase any specific number of shares, does not have a specific expiration date and may be suspended or discontinued at any time.

During the last 5 five years, we have repurchased reduced our issued and outstanding shares of common stock by 17.6% through the repurchase of approximately 16 million 11.8 million shares at an average cost of \$114.38 \$154.59 per share, for a total of \$1.83 billion, resulting in a 22% reduction in our common shares issued and outstanding. \$1.82 billion.

*Purchase Obligations*

The Company We had \$217.7 million \$235.1 million of operating lease obligations as of December 31, 2022 December 31, 2023 for processing and distribution facilities, equipment, automobiles, trucks and trailers, ground leases and other leased spaces, such as depots, sales offices, storage and data centers. Our expected payments over the next 12 months under these operating leases are \$59.1 million \$64.9 million. See Note 10—"Leases" to our consolidated financial statements in *Part II, Item 8 "Financial Statements and Supplementary Data"* for information regarding the maturities of our operating lease obligations.

The Company has We have obligations pursuant to pension and postretirement benefit plans. A total of \$17.1 million \$16.4 million of net liabilities was recognized on the balance sheet at December 31, 2022 December 31, 2023 and the Company expects to make plan contributions and benefit payments totaling \$0.8 million over the next 12 months. See Note 13—"Employee Benefits" to our consolidated financial statements in *Part II, Item 8 "Financial Statements and Supplementary Data"* for information regarding our expected payments under these plans.

Our capital expenditures have been at elevated levels in recent years and our 2023 2024 capital expenditure budget is a record \$500 million \$425 million. As of December 31, 2022 December 31, 2023, we had entered into contracts related to capital expenditures in the amount of \$133.2 million \$126.3 million, of which \$111.1 million is all expected to be paid over the next 12 months. Our actual capital expenditure spending over

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the next 12 months is ultimately dependent on market conditions, lead times and availability of property, plant and equipment when the capital project is initiated.

We primarily purchase and sell in the spot market and consequently our purchase orders are based on our current needs and are typically fulfilled by our vendors within short time periods (lead times). In addition, some of our purchase orders represent authorizations to purchase rather than binding agreements. We do not have significant agreements for the purchase of goods specifying minimum quantities and set prices that exceed our expected requirements for three months. The total amount of commitments under long-term inventory purchase agreements is estimated at approximately **\$320.1 million** **\$301.4 million**, with amounts in **2023**, **2024**, **2025** and thereafter being **\$179.1 million** **\$195.7 million**, **\$44.9 million** **\$54.7 million** and **\$96.1 million** **\$51.0 million**, respectively.

We have other contractual commitments under long-term **service** agreements, generally for services, totaling **\$39.3 million** **\$24.6 million** at **December 31, 2022** **December 31, 2023**, with amounts in **2023**, **2024**, **2025** and thereafter being **\$22.3 million** **\$12.9 million**, **\$12.2 million** **\$6.9 million** and **\$4.8 million**, respectively.

*Debt*

We have a \$1.5 billion unsecured revolving credit facility with no outstanding borrowings at **December 31, 2022** **December 31, 2023** under our Amended and Restated Credit Agreement (as amended, the "Credit Agreement"). We also had an aggregate of **\$1.65 billion** **\$1.15 billion** principal amount of senior unsecured note obligations with various maturities through 2036 issued under indentures as of **December 31, 2022** **December 31, 2023**.

In January 2023, we redeemed the \$500.0 million aggregate outstanding principal amount of our 4.50% senior notes due 2023 in full. We funded this redemption using cash on hand. See Note 9—"Debt" to our consolidated financial statements in *Part II, Item 8 "Financial Statements and Supplementary Data"* for further information on our amended credit agreement, debt obligations maturities and indentures governing our debt securities.

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*Liquidity and Capital Resources*

We believe our primary sources of liquidity, including funds generated from operations, cash and cash equivalents and our **\$1.5 billion revolving credit facility**, **Credit Agreement**, will be sufficient to satisfy our cash requirements and stockholder return activities over the next 12 months and beyond. As of **December 31, 2022** **December 31, 2023**, we had **\$1.2 billion** **\$1.1 billion** in cash and cash equivalents and our net debt-to-total capital ratio (net debt-to-total capital is calculated as carrying amount of debt, net of cash, divided

by total Reliance stockholders' equity plus carrying amount of debt, net of cash) was ~~6.3%~~ 0.8%, down from ~~18.1%~~ 6.3% as of December 31, 2021 December 31, 2022.

As of December 31, 2022 December 31, 2023, we had ~~\$908.5 million~~ \$400.3 million of debt obligations coming due before our \$1.5 billion revolving credit facility expires. Credit Agreement matures on September 3, 2025; \$500.0 million of these debt obligations were redeemed in January 2023.

We believe that we will continue to have sufficient liquidity to fund our future operating needs and to repay our debt obligations as they become due. In addition to funds generated from operations and ~~nearly~~ approximately \$1.5 billion available under our revolving credit facility, we expect to continue to be able to access the capital markets to raise funds, if desired. We believe our sources of liquidity will continue to be adequate to maintain operations, make necessary capital expenditures, finance strategic growth through acquisitions and internal initiatives, pay dividends and ~~opportunistically~~ repurchase shares. Additionally, we believe our investment grade credit ratings enhance our ability to effectively raise capital, if ~~needed~~ desired.

#### Covenants

The Credit Agreement and indentures governing our debt securities include customary representations, warranties, covenants and events of default provisions. The covenants under the Credit ~~agreement~~ Agreement include, among other things, two financial maintenance covenants that require us to comply with a minimum interest coverage ratio and a maximum leverage ratio. Our interest coverage ratio for the twelve-month period ended December 31, 2022 December 31, 2023 was ~~41.2~~ 45.9 times compared to the debt covenant minimum requirement of 3.0 times (interest coverage ratio is calculated as earnings before interest and taxes ("EBIT"), as defined in the Credit Agreement, divided by interest expense). Our leverage ratio as of December 31, 2022 December 31, 2023, calculated in accordance with the terms of the Credit Agreement, was ~~17.3%~~ 11.4% compared to the debt covenant maximum

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amount of 60% (leverage ratio is calculated as total debt, inclusive of finance lease obligations and outstanding letters of credit, minus the lesser of cash held by our domestic subsidiaries and \$200.0 million, divided by Reliance stockholders' equity plus total debt).

We were in compliance with all financial maintenance covenants ~~in~~ under our Credit Agreement at December 31, 2022 December 31, 2023.

#### Goodwill and Other Intangible Assets

We have one operating segment and also one reporting unit for goodwill impairment purposes. There have been no changes in our reportable segments; we have one reportable segment – *metals service centers*.

Goodwill, which represents the excess of cost over the fair value of net assets acquired, amounted to \$2.11 billion at December 31, 2022 December 31, 2023, or approximately 20% of total assets and ~~30%~~ 27% of total equity. Additionally, other intangible assets, net amounted to ~~\$1.02 billion~~ \$1.0 billion at December 31, 2022 December 31, 2023, or approximately ~~10%~~ 9% of total assets and ~~14%~~ 13% of total equity. Goodwill and other intangible assets deemed to have indefinite lives are not amortized but are subject to annual impairment tests and further evaluation when certain events occur. Other intangible assets with finite useful lives are amortized over their useful lives. We review the recoverability of our long-lived assets whenever events or changes in circumstances indicate that the carrying amount of the assets may not be recoverable. Refer to *Critical Accounting Estimates* for further information ~~regarding our~~

2021 and 2020 impairment charges and discussion regarding judgments involved in testing for recoverability of our goodwill and other intangible assets.

#### Critical Accounting Estimates

Our consolidated financial statements have been prepared in accordance with U.S. generally accepted accounting principles. The Company's significant accounting policies, including recently issued accounting pronouncements, are fully described in *Note 1*—"Summary of Significant Accounting Policies" to our consolidated financial statements in *Part II, Item 8 "Financial Statements and Supplementary Data."* When we prepare these consolidated financial statements, we are

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required to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Some of our accounting policies are critical due to the fact that they involve a significant level of estimation uncertainty and have had or are reasonably likely to have a material impact on our financial condition or results of **operation, operations**. Our most critical accounting estimates include those related to the recoverability of goodwill and other indefinite-lived intangible assets and long-lived assets. We base our estimates and judgments on historical experience and on various other factors that we believe to be reasonable under the circumstances, the results of which form the basis for our judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Our actual results may differ from these estimates under different assumptions or conditions.

We believe the following critical accounting estimates, as discussed with our Audit Committee, affect our more significant judgments and estimates used in preparing our consolidated financial statements. There have been no material changes made to the critical accounting estimates during the periods presented in the consolidated financial statements.

#### *Goodwill and Other Indefinite-Lived Intangible Assets*

We test for impairment of goodwill and intangible assets deemed to have indefinite lives annually and, between annual tests, whenever significant events or changes occur based on an assessment of qualitative factors to determine if it is more likely than not that the fair value is less than the carrying value. The qualitative factors we review include a decline in our stock price and market capitalization, a decline in the market conditions of our products and viability of end markets, and developments in our business and the overall economy. We make assumptions regarding estimated future cash flows and other factors to determine the fair value of the respective assets, including calculating the fair value of a reporting unit using the discounted cash flow method, as necessary. We perform the required annual goodwill and indefinite-lived intangible asset impairment test as of November 1 of each year. No impairment of goodwill was determined to exist **during the periods presented in 2022, 2021 or 2020, the consolidated financial statements**. We recorded **\$4.7 million of impairment losses on our intangible assets with indefinite lives in the amounts of \$4.7 million and \$67.8 million in 2021 and 2020, respectively**. No impairment of intangible assets with indefinite lives was recognized in 2022. See

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*Note 19—"Impairment 2023 and Restructuring Charges" to our consolidated financial statements in Part II, Item 8 "Financial Statements and Supplementary Data" for further information on our impairment charges. 2022.*

#### *Long-Lived Assets*

We periodically review the recoverability of our other long-lived assets, primarily property, plant and equipment and intangible assets subject to amortization. The evaluation is performed at the lowest level for which there are identifiable cash flows that are largely independent of the cash flows of other assets. An impairment loss may be recognized if the estimated undiscounted cash flows are less than the carrying amount of the assets. We must make assumptions regarding estimated future cash flows and other factors to estimate the fair value of the respective assets to determine the amount of the impairment loss. If these estimates or their related assumptions change in the future, we may be required to record impairment charges. *In 2020, we recorded No impairment charges on intangible assets subject to amortization and property, plant and equipment of \$30.7 million and \$9.3 million, respectively. There were no impairments of long-lived assets was recognized during the periods presented in 2022 and 2021. See Note 19—"Impairment and Restructuring Charges" to our the consolidated financial statements in Part II, Item 8 "Financial Statements and Supplementary Data" for further information on our impairment charges. statements.*

Impairment tests inherently involve judgment as to assumptions about expected future cash flows and the impact of market conditions on those assumptions. Additionally, considerable declines in the market conditions for our products from current levels as well as in the price of our common stock could also significantly impact our impairment analyses. An impairment charge, if incurred, could be material.

#### **Item 7A. Quantitative and Qualitative Disclosures About Market Risk**

In the ordinary course of business, we are exposed to various market risk factors, including changes in general economic conditions, domestic and foreign competition, foreign currency exchange rates, and metals pricing, demand and availability.

##### **Commodity price risk**

Metals prices are volatile due to, among other things, fluctuations in foreign and domestic production capacity, raw material availability, metals consumption, import levels into the U.S., global economic factors and foreign currency

exchange rates. We do not currently use financial derivatives to hedge our exposure to metal price volatility. Decreases in metal prices could adversely affect our revenues, gross profit and net income. We primarily purchase and sell in the spot market and consequently are generally able to react quickly to changes in metals pricing. This strategy also limits our exposure to commodity prices to our inventories on hand. In an environment of increasing material costs, our *pricing selling prices* usually *increases as increase, and we try to maintain the same gross profit percentage and* typically generate higher levels of gross profit and pretax income dollars for the same operational efforts. Conversely, if *metals* pricing declines, we will typically generate lower levels of gross profit and pretax income dollars. In periods where demand deteriorates rapidly and metal prices are declining significantly in a compressed period of time, a portion of our inventory on hand may be at higher costs than our selling prices, causing a significant adverse effect on our

gross profit and pretax income margins. However, when prices stabilize and our inventories on hand reflect more current prices, our gross profit margins tend to return to more normalized levels.

#### Foreign exchange rate risk

Because Some of our sales to transactions with international customers (based on are denominated in foreign currencies that are different than the shipping destination) were approximately 8% primary economic environment of the Reliance metals service center serving them, which exposes our consolidated 2022 net sales, we are exposed operations to foreign currency exchange transaction gains and losses. The currency effects of translating the financial statements of our foreign subsidiaries, which operate in local currency environments, are included in accumulated other comprehensive loss and do not impact earnings unless there is a liquidation or sale of those foreign subsidiaries. We do not currently hedge our net investments in foreign subsidiaries due to the long-term nature of those the investments.

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Total foreign currency transaction losses included in our 2023, 2022, 2021, and 2020 2021 earnings were \$6.2 million \$1.3 million, \$4.0 million \$6.2 million and \$2.3 million \$4.0 million, respectively.

#### Interest rate risk

We are exposed to market risk related to our fixed-rate and variable-rate long-term debt. Market risk is the potential loss arising from adverse changes in market rates and prices, such as interest rates. Changes in interest rates may affect the market value of our fixed-rate debt. Under our current policies, we do not use interest rate derivative instruments to manage exposure to interest rate changes and we do not currently anticipate repayment of our fixed-rate long-term debt prior to scheduled maturities other than our redemption of \$500.0 million of senior notes in January 2023.maturities.

Market risk related to our variable-rate debt is estimated as the potential decrease in pretax earnings resulting from an increase in interest rates. As of December 31, 2022 December 31, 2023, we had an insignificant amount of variable interest rate debt outstanding. However, as of December 31, 2022 December 31, 2023, we had approximately \$1.5 billion available for borrowing on our revolving credit facility at variable interest rates. Consequently, any future borrowings on our revolving credit facility will increase market risk resulting from potential interest rate volatility.

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#### Item 8. Financial Statements and Supplementary Data

**RELIANCE, STEEL & ALUMINUM CO. INC.**  
**AUDITED CONSOLIDATED FINANCIAL STATEMENTS**  
**INDEX TO CONSOLIDATED FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA**

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**FINANCIAL STATEMENT SCHEDULE:**

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All other schedules are omitted because either they are not applicable, not required or the information required is included in the Consolidated Financial Statements, including the notes thereto.

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**Report of Independent Registered Public Accounting Firm**

To the Stockholders and Board of Directors

Reliance, Steel & Aluminum Co. Inc.:

*Opinion on the Consolidated Financial Statements*

We have audited the accompanying consolidated balance sheets of Reliance, Steel & Aluminum Co. Inc. and subsidiaries (the Company) as of **December 31, 2022****December 31, 2023** and **2021**, 2022, the related consolidated statements of income, comprehensive income, equity, and cash flows for each of the years in the three-year period ended **December 31, 2022****December 31, 2023**, and the related notes and financial statement schedule II of valuation and qualifying accounts (collectively, the consolidated financial statements). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company as of **December 31, 2022****December 31, 2023** and **2021**, 2022, and the results of its operations and its cash flows for each of the years in the three-year period ended **December 31, 2022****December 31, 2023**, in conformity with U.S. generally accepted accounting principles.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the Company's internal control over financial reporting as of **December 31, 2022****December 31, 2023**, based on criteria established in *Internal Control – Integrated Framework* (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission, and our report dated **February 28, 2023****February 29, 2024** expressed an unqualified opinion on the effectiveness of the Company's internal control over financial reporting.

*Basis for Opinion*

These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that our audits provide a reasonable basis for our opinion.

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*Critical Audit Matter*

The critical audit matter communicated below is a matter arising from the current period audit of the consolidated financial statements that was communicated or required to be communicated to the audit committee and that: (1) relates to accounts or disclosures that are material to the consolidated financial statements and (2) involved our especially challenging, subjective, or complex judgments. The communication of a critical audit matter does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing a separate opinion on the critical audit matter or on the accounts or disclosures to which it relates.

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*Recoverability of Long-Lived Assets and Indefinite-Lived Intangible Assets*

As discussed in Notes 1 and 7 to the consolidated financial statements, property, plant and equipment, net and intangible assets, net as of December 31, 2022 December 31, 2023 were \$1,974.6 million \$2,248.4 million and \$1,019.6 million \$981.1 million, respectively. The Company reviews the recoverability of property, plant and equipment, net and amortizable intangible assets (long-lived assets) whenever significant events or changes in circumstances indicate that the carrying amount of such assets may not be recoverable. The evaluation is performed at the lowest level for which there are identifiable cash flows that are largely independent of the cash flows of other assets (asset groups). The Company tests the recoverability of indefinite-lived intangible assets annually or whenever significant events or changes in circumstances occur based on an analysis of qualitative factors to determine if it is more likely than not that the fair value is less than the carrying value.

We identified the assessment of the recoverability of long-lived assets and indefinite-lived intangible assets as a critical audit matter. Evaluating the Company's identification of significant events or changes in circumstances, which indicate these assets may

not be recoverable, involved subjective auditor judgment. The judgments included consideration of factors that are external and internal to the Company, such as declines in the market for the Company's products or plans to close a physical location.

The following are the primary procedures we performed to address this critical audit matter. We evaluated the design and tested the operating effectiveness of certain internal controls related to the identification of significant events or changes in circumstances indicating the long-lived and indefinite-lived intangible assets may not be recoverable. We evaluated the Company's identification of significant events or changes in circumstances that have occurred indicating the underlying long-lived assets and indefinite-lived intangible assets may not be recoverable by performing an independent assessment. The independent assessment included analyzing the historical operating performance of the asset groups and evaluating other events or changes in circumstances based on our knowledge of the Company and experience of the industry in which it operates. This included reading and evaluating industry articles, public information related to competitor activity, Company press releases and board of director minutes.

/s/ KPMG LLP

We have served as the Company's auditor since 2008.

Los Angeles, California

February 28, 2023 29, 2024

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**RELIANCE, STEEL & ALUMINUM CO. INC.**

**CONSOLIDATED BALANCE SHEETS**

(in millions, except number of shares which are reflected in thousands and par value)

	<b>ASSETS</b>	
	<b>December 31, 2022</b>	<b>December 31, 2021</b>
Current assets:		
Cash and cash equivalents	\$ 1,173.4	\$ 300.5
Accounts receivable, less allowance for credit losses of \$26.1 at December 31, 2022 and \$26.7 at December 31, 2021	1,565.7	1,683.0
Inventories	1,995.3	2,065.0
Prepaid expenses and other current assets	115.6	111.6
Income taxes receivable	36.6	—
Total current assets	4,886.6	4,160.1
Property, plant and equipment:		
Land	262.7	260.1
Buildings	1,359.3	1,285.0
Machinery and equipment	2,446.9	2,241.4
Accumulated depreciation	(2,094.3)	(1,949.7)

Property, plant and equipment, net	1,974.6	1,836.8
Operating lease right-of-use assets	216.4	224.6
Goodwill	2,105.9	2,107.6
Intangible assets, net	1,019.6	1,077.7
Cash surrender value of life insurance policies, net	42.0	44.9
Other assets	84.8	84.3
<b>Total assets</b>	<b>\$ 10,329.9</b>	<b>\$ 9,536.0</b>
<b>LIABILITIES AND EQUITY</b>		
Current liabilities:		
Accounts payable	\$ 412.4	\$ 453.9
Accrued expenses	118.8	148.2
Accrued compensation and retirement benefits	240.0	294.0
Accrued insurance costs	43.4	41.0
Current maturities of long-term debt and short-term borrowings	508.2	5.0
Current maturities of operating lease liabilities	52.5	58.6
Income taxes payable	—	64.3
<b>Total current liabilities</b>	<b>1,375.3</b>	<b>1,065.0</b>
Long-term debt	1,139.4	1,642.0
Operating lease liabilities	165.2	162.5
Long-term retirement benefits	26.1	37.8
Other long-term liabilities	51.4	50.2
Deferred income taxes	476.6	484.8
Commitments and contingencies		
Equity:		
Preferred stock, \$0.001 par value: 5,000 shares authorized; none issued or outstanding	—	—
Common stock and additional paid-in capital, \$0.001 par value and 200,000 shares authorized		
Issued and outstanding shares—58,787 at December 31, 2022 and 61,806 at December 31, 2021	0.1	0.1
<b>Retained earnings</b>	<b>7,173.6</b>	<b>6,155.3</b>
<b>Accumulated other comprehensive loss</b>	<b>(86.3)</b>	<b>(68.9)</b>
<b>Total Reliance stockholders' equity</b>	<b>7,087.4</b>	<b>6,086.5</b>
Noncontrolling interests	8.5	7.2
<b>Total equity</b>	<b>7,095.9</b>	<b>6,093.7</b>
<b>Total liabilities and equity</b>	<b>\$ 10,329.9</b>	<b>\$ 9,536.0</b>
	<b>December 31,</b>	<b>December 31,</b>
	<b>2023</b>	<b>2022</b>
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 1,080.2	\$ 1,173.4
Accounts receivable, less allowance for credit losses of \$24.9 at December 31, 2023 and \$26.1 at December 31, 2022	1,472.4	1,565.7
Inventories	2,043.2	1,995.3
Prepaid expenses and other current assets	140.4	115.6
Income taxes receivable	35.6	36.6
<b>Total current assets</b>	<b>4,771.8</b>	<b>4,886.6</b>
Property, plant and equipment:		
Land	281.7	262.7
Buildings	1,510.9	1,359.3
Machinery and equipment	2,700.4	2,446.9

Accumulated depreciation	(2,244.6)	(2,094.3)
Property, plant and equipment, net	2,248.4	1,974.6
Operating lease right-of-use assets	231.6	216.4
Goodwill	2,111.1	2,105.9
Intangible assets, net	981.1	1,019.6
Cash surrender value of life insurance policies, net	43.8	42.0
Other long-term assets	92.5	84.8
Total assets	\$ 10,480.3	\$ 10,329.9
<b>LIABILITIES AND EQUITY</b>		
Current liabilities:		
Accounts payable	\$ 410.3	\$ 412.4
Accrued expenses	118.5	118.8
Accrued compensation and retirement benefits	213.9	240.0
Accrued insurance costs	44.4	43.4
Current maturities of long-term debt and short-term borrowings	0.3	508.2
Current maturities of operating lease liabilities	56.2	52.5
Total current liabilities	843.6	1,375.3
Long-term debt	1,141.9	1,139.4
Operating lease liabilities	178.9	165.2
Long-term retirement benefits	25.1	26.1
Other long-term liabilities	64.0	51.4
Deferred income taxes	494.0	476.6
Total liabilities	2,747.5	3,234.0
Commitments and contingencies		
Equity:		
Preferred stock, \$0.001 par value: 5,000 shares authorized; none issued or outstanding	—	—
Common stock and additional paid-in capital, \$0.001 par value and 200,000 shares authorized		
Issued and outstanding shares—57,271 at December 31, 2023 and 58,787 at December 31, 2022	0.1	0.1
Retained earnings	7,798.9	7,173.6
Accumulated other comprehensive loss	(76.7)	(86.3)
Total Reliance stockholders' equity	7,722.3	7,087.4
Noncontrolling interests	10.5	8.5
Total equity	7,732.8	7,095.9
Total liabilities and equity	\$ 10,480.3	\$ 10,329.9

See accompanying notes to consolidated financial statements.

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RELIANCE, STEEL & ALUMINUM CO., INC.

CONSOLIDATED STATEMENTS OF INCOME

(in millions, except number of shares which are reflected in thousands and per share amounts)

	Year Ended December 31,			Year Ended December 31,		
	2022	2021	2020	2023	2022	2021
Net sales	\$ 17,025.0	\$ 14,093.3	\$ 8,811.9	\$ 14,805.9	\$ 17,025.0	\$ 14,093.3
Costs and expenses:						
Cost of sales (exclusive of depreciation and amortization shown below)	11,773.7	9,603.0	6,036.8	10,258.6	11,773.7	9,603.0
Warehouse, delivery, selling, general and administrative	2,504.2	2,306.5	1,874.0	2,562.4	2,504.2	2,306.5
Depreciation and amortization	240.2	230.2	227.3	245.4	240.2	230.2
Impairment of long-lived assets	—	4.7	108.0	—	—	4.7
Impairment of intangible assets	14,518.1	12,144.4	8,246.1	13,066.4	14,518.1	12,144.4
Operating income	2,506.9	1,948.9	565.8	1,739.5	2,506.9	1,948.9
Other expense:						
Other (income) expense:						
Interest expense	62.3	62.7	62.9	40.1	62.3	62.7
Other expense, net	14.2	3.1	24.7	—	—	—
Other (income) expense, net	—	—	—	(41.3)	14.2	3.1
Income before income taxes	2,430.4	1,883.1	478.2	1,740.7	2,430.4	1,883.1
Income tax provision	586.2	465.7	105.8	400.6	586.2	465.7
Net income	1,844.2	1,417.4	372.4	1,340.1	1,844.2	1,417.4
Less: net income attributable to noncontrolling interests	4.1	4.4	3.3	4.2	4.1	4.4
Net income attributable to Reliance	\$ 1,840.1	\$ 1,413.0	\$ 369.1	\$ 1,335.9	\$ 1,840.1	\$ 1,413.0
Earnings per share attributable to Reliance stockholders:						
Basic	\$ 30.39	\$ 22.35	\$ 5.74	\$ 22.90	\$ 30.39	\$ 22.35
Diluted	\$ 29.92	\$ 21.97	\$ 5.66	\$ 22.64	\$ 29.92	\$ 21.97
Shares used in computing earnings per share:						
Basic	60,559	63,217	64,328	58,328	60,559	63,217
Diluted	61,495	64,327	65,263	59,015	61,495	64,327
Cash dividends per share	\$ 3.50	\$ 2.75	\$ 2.50	—	—	—

See accompanying notes to consolidated financial statements.

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RELIANCE, STEEL & ALUMINUM CO., INC.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(in millions)

	Year Ended December 31,			Year Ended December 31,		
	2022	2021	2020	2023	2022	2021
Net income	\$ 1,844.2	\$ 1,417.4	\$ 372.4	\$ 1,340.1	\$ 1,844.2	\$ 1,417.4
Other comprehensive (loss) income:						
Foreign currency translation (loss) gain	(28.8)	(2.5)	11.7			
Other comprehensive income (loss):						
Foreign currency translation gain (loss)				8.3	(28.8)	(2.5)
Pension and postretirement benefit adjustments, net of tax	11.4	11.5	15.5	1.3	11.4	11.5
Total other comprehensive (loss) income	(17.4)	9.0	27.2			
Total other comprehensive income (loss)				9.6	(17.4)	9.0
Comprehensive income	1,826.8	1,426.4	399.6	1,349.7	1,826.8	1,426.4
Less: comprehensive income attributable to noncontrolling interests	4.1	4.4	3.3	4.2	4.1	4.4
Comprehensive income attributable to Reliance	\$ 1,822.7	\$ 1,422.0	\$ 396.3	\$ 1,345.5	\$ 1,822.7	\$ 1,422.0

See accompanying notes to consolidated financial statements.

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RELIANCE, STEEL & ALUMINUM CO., INC.

CONSOLIDATED STATEMENTS OF EQUITY

(in millions, except per share amounts)

	Year Ended December 31,			Year Ended December 31,		
	2022	2021	2020	2023	2022	2021
Total equity, beginning balances	\$ 6,093.7	\$ 5,122.7	\$ 5,214.1	\$ 7,095.9	\$ 6,093.7	\$ 5,122.7

Common stock and additional paid-in capital:						
Beginning balances	0.1	0.1	122.2	0.1	0.1	0.1
Stock-based compensation	65.3	70.8	42.2	65.0	65.3	70.8
Common stock withheld related to net share settlements	(39.7)	(21.2)	(23.1)			
Taxes paid related to net share settlement of restricted stock units				(54.1)	(39.7)	(21.2)
Repurchase of common shares	(25.6)	(49.6)	(136.0)	(7.0)	(25.6)	(49.6)
Noncontrolling interest purchased	—	—	(5.5)			
Stock options exercised	—	—	0.3			
Excise tax on repurchase of common shares				(3.9)	—	—
Ending balances	0.1	0.1	0.1	0.1	0.1	0.1
Retained earnings:						
Beginning balances	6,155.3	5,193.2	5,189.5	7,173.6	6,155.3	5,193.2
Net income attributable to Reliance	1,840.1	1,413.0	369.1	1,335.9	1,840.1	1,413.0
Cash dividends and dividend equivalents	(217.1)	(177.0)	(164.1)	(238.1)	(217.1)	(177.0)
Repurchase of common shares	(604.7)	(273.9)	(201.3)	(472.5)	(604.7)	(273.9)
Ending balances	7,173.6	6,155.3	5,193.2	7,798.9	7,173.6	6,155.3
Accumulated other comprehensive loss:						
Beginning balances	(68.9)	(77.9)	(105.1)	(86.3)	(68.9)	(77.9)
Other comprehensive (loss) income	(17.4)	9.0	27.2			
Other comprehensive income (loss)				9.6	(17.4)	9.0
Ending balances	(86.3)	(68.9)	(77.9)	(76.7)	(86.3)	(68.9)
Total Reliance stockholders' equity, ending balances	7,087.4	6,086.5	5,115.4	7,722.3	7,087.4	6,086.5
Noncontrolling interests:						
Beginning balances	7.2	7.3	7.5	8.5	7.2	7.3
Comprehensive income	4.1	4.4	3.3	4.2	4.1	4.4
Noncontrolling interest purchased	—	—	(1.1)			
Capital contribution	0.3	—	—	—	0.3	—
Dividends paid	(3.1)	(4.5)	(2.4)	(2.2)	(3.1)	(4.5)
Ending balances	8.5	7.2	7.3	10.5	8.5	7.2
Total equity, ending balances	\$7,095.9	\$6,093.7	\$5,122.7	\$7,732.8	\$7,095.9	\$6,093.7
Cash dividends declared per common share	\$ 3.50	\$ 2.75	\$ 2.50	\$ 4.00	\$ 3.50	\$ 2.75

See accompanying notes to consolidated financial statements.

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RELIANCE, STEEL & ALUMINUM CO., INC.

CONSOLIDATED STATEMENTS OF CASH FLOWS

(in millions)

	Year Ended December 31,			Year Ended December 31,		
	2022	2021	2020	2023	2022	2021
<b>Operating activities:</b>						
Net income	\$ 1,844.2	\$ 1,417.4	\$ 372.4	\$ 1,340.1	\$ 1,844.2	\$ 1,417.4
Adjustments to reconcile net income to net cash provided by operating activities:						
Depreciation and amortization expense	240.2	230.2	227.3	245.4	240.2	230.2
Impairment of long-lived assets	—	4.7	108.0	—	—	4.7
Impairment of intangible assets						
Provision for credit losses	3.4	9.8	5.8	3.5	3.4	9.8
Deferred income tax benefit	(6.7)	(23.8)	(13.7)			
Deferred income tax provision (benefit)				16.2	(6.7)	(23.8)
Stock-based compensation expense	65.3	70.8	42.2	65.0	65.3	70.8
Net loss on life insurance policies and deferred compensation plan assets	22.4	5.0	4.6			
Pension and postretirement benefit plan settlement expense	2.3	—	19.4			
Net (gain) loss on life insurance policies and deferred compensation plan assets				(0.5)	22.4	5.0
Other	2.5	(5.0)	6.7	(0.3)	4.8	(5.0)
Changes in operating assets and liabilities (excluding effect of businesses acquired):						
Accounts receivable	105.7	(656.1)	136.8	95.6	105.7	(656.1)
Inventories	58.9	(505.9)	227.5	(41.5)	58.9	(505.9)
Prepaid expenses and other assets	17.4	26.2	79.4	37.3	17.4	26.2
Accounts payable and other liabilities	(237.0)	226.1	(43.4)	(89.5)	(237.0)	226.1
Net cash provided by operating activities	2,118.6	799.4	1,173.0	1,671.3	2,118.6	799.4
<b>Investing activities:</b>						
Acquisitions, net of cash acquired	—	(439.3)	(6.9)	(24.0)	—	(439.3)
Purchases of property, plant and equipment	(341.8)	(236.6)	(172.0)	(468.8)	(341.8)	(236.6)
Proceeds from sales of property, plant and equipment	10.9	36.0	6.7	11.1	10.9	36.0

Other	(17.6)	(12.4)	(16.2)	(2.2)	(17.6)	(12.4)
Net cash used in investing activities	(348.5)	(652.3)	(188.4)	(483.9)	(348.5)	(652.3)
<b>Financing activities:</b>						
Net short-term debt (repayments) borrowings	(2.2)	(0.8)	0.7	(2.2)	(2.2)	(0.8)
Net short-term debt repayments						
Proceeds from long-term debt borrowings	—	20.0	1,673.5	—	—	20.0
Principal payments on long-term debt	(0.3)	(20.7)	(1,615.4)	(506.1)	(0.3)	(20.7)
Debt issuance costs	—	—	(6.4)			
Cash dividends and dividend equivalents	(217.1)	(177.0)	(164.1)	(238.1)	(217.1)	(177.0)
Share repurchases	(630.3)	(323.5)	(337.3)	(479.5)	(630.3)	(323.5)
Payments for taxes related to net share settlements	(39.7)	(21.2)	(23.1)			
Noncontrolling interest purchased	—	—	(8.0)			
Taxes paid related to net share settlement of restricted stock units				(54.1)	(39.7)	(21.2)
Other	(3.0)	(5.7)	(2.9)	(2.3)	(3.0)	(5.7)
Net cash used in financing activities	(892.6)	(528.9)	(483.0)	(1,282.3)	(892.6)	(528.9)
Effect of exchange rate changes on cash and cash equivalents	(4.6)	(1.2)	7.6	1.7	(4.6)	(1.2)
Increase (decrease) in cash and cash equivalents	872.9	(383.0)	509.2			
(Decrease) increase in cash and cash equivalents				(93.2)	872.9	(383.0)
Cash and cash equivalents at beginning of year	300.5	683.5	174.3	1,173.4	300.5	683.5
Cash and cash equivalents at end of year	\$ 1,173.4	\$ 300.5	\$ 683.5	\$ 1,080.2	\$ 1,173.4	\$ 300.5
<b>Supplemental cash flow information:</b>						
Interest paid during the year	\$ 59.7	\$ 59.1	\$ 52.6	\$ 41.8	\$ 59.7	\$ 59.1
Income taxes paid during the year, net	\$ 692.4	\$ 444.4	\$ 87.5	\$ 386.3	\$ 692.4	\$ 444.4

See accompanying notes to consolidated financial statements.

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**RELIANCE STEEL & ALUMINUM CO.**

**RELIANCE, INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**December 31, 2022**

**Note 1. Summary of Significant Accounting Policies**

## Principles of Consolidation

In February 2024, we changed our corporate name from Reliance Steel & Aluminum Co. to Reliance, Inc. We will not distinguish between our prior and current corporate name and will refer to our current corporate name throughout the financial statements. The accompanying consolidated financial statements include the accounts of Reliance, Inc. (formerly Reliance Steel & Aluminum Co.) and its subsidiaries (collectively referred to as (collectively "Reliance", "the Company", "we", "our" or "us"). Our consolidated financial statements include the assets, liabilities and operating results of majority-owned subsidiaries. All significant intercompany accounts and transactions have been eliminated. The ownership interests in our of the other interest holders of consolidated subsidiaries held by others are is reflected as noncontrolling interests. Our investments Investments in unconsolidated subsidiaries are recorded under the equity method of accounting.

## Business

As a global diversified metal solutions provider, we operate operated a network of approximately more than 315 locations in 40 U.S. states and in 12 foreign countries (Belgium, Canada, China, France, India, Malaysia, Mexico, Singapore, South Korea, Turkey, the United Arab Emirates and the United Kingdom) at December 31, 2023 that provides value-added metals processing services and distributes a full line of more than 100,000 metal products.

## Reclassification

The accompanying consolidated balance sheet as of December 31, 2021 includes a reclassification of \$43.2 million of deferred compensation plan liabilities from Long-term retirement benefits to Other long-term liabilities to conform to the current presentation.

## Accounting Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles ("GAAP") requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, such as allowances for credit losses, net realizable values of inventories, fair values and/or impairment of goodwill and other indefinite-lived intangible assets and long-lived assets, the amount of unrecognized tax benefits and other contingencies, and contingencies; the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. The Company bases its estimates on historical experience and on various other assumptions that the Company believes to be reasonable under the circumstances. Actual results could differ from those estimates.

## Accounts Receivable and Concentrations of Credit Risk

Trade receivables are typically non-interest bearing and are recorded at amortized cost. Sales to our recurring customers are generally made on open account terms while sales to occasional customers may be made on a collect on delivery basis. Past due status of customer accounts is determined based on how recently payments have been received in relation to payment terms granted. Credit is generally extended based upon an evaluation of each customer's financial condition, with terms consistent in the industry and no collateral is required. The allowance for credit losses reflects the expected losses on our trade receivables and is determined based on customer-specific facts and the consideration of historical loss information, current conditions and reasonable and supportable forecasts using a loss-rate approach. Amounts are written-off against the allowance in the period we determine that the receivable is uncollectible.

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**RELIANCE STEEL & ALUMINUM CO.**
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**
**December 31, 2022**

Concentrations of credit risk with respect to trade receivables are limited due to the geographically diverse customer base, with limited exposure to any single customer account, and various industries into which our products are sold. We do not consider ourselves to have any significant concentrations of credit risk.

**Inventories**

The majority of our inventory is valued using the last-in, first-out ("LIFO") method, which is not in excess of market. Under this method, older costs are included in inventory, which may be higher or lower than current costs. This method of

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valuation is subject to year-to-year fluctuations in cost of material sold, which is influenced by the inflation or deflation existing within the metal wholesaling industry as well as fluctuations in our product mix and on-hand inventory levels.

**Fair Values of Financial Instruments**

Fair values of cash and cash equivalents, accounts receivable, accounts payable, accrued expenses, and other current liabilities and current maturities of operating lease liabilities approximate carrying values due to the short period of time to maturity. Fair values of long-term debt, which have been determined based on borrowing rates currently available to us or to other companies with comparable credit ratings, for loans with similar terms or maturity, approximate the carrying amounts in the consolidated financial statements, with the exception of our publicly traded senior unsecured notes with an aggregate face value values of \$1.15 billion and \$1.65 billion as of December 31, 2022 December 31, 2023 and 2021, 2022, respectively. The aggregate fair value values of these senior unsecured notes based on quoted market prices was were \$1.07 billion and \$1.53 billion at December 31, 2023 and \$1.75 billion at December 31, 2022 and 2021, 2022, respectively, compared to their aggregate carrying value values of \$1.14 billion and \$1.64 billion, respectively. The estimated fair values of our senior unsecured notes are

based on Level 2 inputs, including benchmark yields, reported trades and broker/dealer quotes. Fair values of our other financial instruments, which include **deferred compensation plan** assets held within **rabbi****grantor** trusts, are comprised of **assets****marketable securities** that are generally based on quoted market prices for identical instruments that trade in active markets.

#### **Cash Equivalents**

We consider all highly liquid instruments with an original maturity of three months or less when purchased to be cash equivalents. We maintain cash and cash equivalents with high credit quality financial institutions. The Company, by policy, limits the amount of credit exposure to any one financial institution.

#### **Goodwill and Other Indefinite-Lived Intangible Assets**

Goodwill is the excess of purchase price over the fair value of identified assets and liabilities of businesses acquired. Other indefinite-lived intangible assets include amounts allocated to the trade names of businesses acquired. Goodwill and other indefinite-lived intangible assets are not amortized but are tested for impairment at least annually.

We test for impairment of goodwill and intangible assets deemed to have indefinite lives annually and, between annual tests, whenever significant events or changes occur based on an assessment of qualitative factors to determine if it is more likely than not that the fair value is less than the carrying value. We have one operating segment and one reporting unit for goodwill impairment purposes. We calculate the fair value of the reporting unit using our market capitalization or the discounted cash flow method, as necessary, and compare the fair value to the carrying value of the reporting unit to determine if impairment exists. We perform our annual impairment evaluations of goodwill and other indefinite-lived intangible assets on November 1 of each year. No impairment of goodwill was determined to exist in any of the years presented. **We recognized impairment losses of \$4.7 million and \$67.8 million related to our other intangible assets with indefinite lives in 2021 and 2020.** No impairment losses were recognized related to our other intangible assets with indefinite lives in 2023 and 2022. **See Note 19—"Impairment and Restructuring Charges"** for further discussion **We recognized impairment losses of \$4.7 million related to our impairment losses, other intangible assets with indefinite lives in 2021.**

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### **RELIANCE STEEL & ALUMINUM CO.**

#### **NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

**December 31, 2022**

#### **Long-Lived Assets**

Property, plant and equipment is recorded at cost (or at fair value for assets acquired in connection with business combinations) and the provision for depreciation of these assets is generally computed on the straight-line method at rates designed to distribute the cost of assets over the useful lives, estimated

as follows: buildings, including leasehold improvements, over five to 50 years and machinery and equipment over three to 20 years.

As of December 31, 2023, 2022 and 2021, noncash investing activity included \$15.2 million, \$6.3 million and \$3.2 million of capital expenditures, respectively, included in accounts payable/accrued expenses.

Intangible assets with finite useful lives are amortized over their useful lives. We periodically review the recoverability of our property, plant and equipment and intangible assets subject to amortization whenever events or changes in circumstances indicate that the carrying amount of such assets may not be recoverable. We didn't recognize any impairment losses for long-lived assets in 2022 and 2021. We recognized \$9.3 million any of the years presented.

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[Impairment losses for property, plant and equipment and \\$30.7 million for intangible assets subject to amortization in 2020. See Note 19—"Impairment and Restructuring Charges" for further discussion](#) [Table of our impairment losses](#) [Contents](#)

## Leases

We determine if an arrangement is a lease at inception. Our lease agreements generally contain only lease components. Our lease payments are generally fixed with certain leases containing variable payments related to Consumer Price Index ("CPI") annual adjustments.

Right-of-use assets and lease liabilities are recognized on the balance sheet at the present value of the future lease payments at the lease commencement date. Certain of our lease terms include periods under renewal options when it is reasonably certain that we will exercise that option. We generally include optional renewal periods when determining our lease terms and future lease payments. The interest rate used to determine the present value of future lease payments is our incremental borrowing rate that is estimated to approximate the interest rate on a collateralized basis with similar terms and payments.

Operating lease cost is recognized on a straight-line basis over the lease term.

## Revenue Recognition

We recognize revenue when control of metal products or services is transferred to our customers, in an amount that reflects the consideration we expect to be entitled to in exchange for those goods or services. Sales and value-added taxes collected from customers are excluded from our reported sales. There are no significant judgments or estimates made to determine the amount or timing of our reported revenues. The amount of transaction price associated with unperformed performance obligations is not significant as of December 31, 2022, 2021 December 31, 2023 and 2020, 2022.

### Metal Sales

We have minimal long-term contract sales with our customers as we primarily transact in the spot market under fixed price sales orders. The majority of our metal product sales orders generally have only one performance obligation: sale of processed or unprocessed metal product. Control of the metal

products we sell transfers to our customers upon delivery for orders with FOB free on board ("FOB") destination terms or upon shipment for orders with FOB shipping point terms. Shipping and handling charges to our customers are included in net sales. We account for all shipping and handling of our products as fulfillment activities and not as a promised good or service. Costs incurred in connection with the shipping and handling of our products are typically included in operating expenses whether we use a third-party carrier or our own trucks. In 2023, 2022 2021 and 2020, 2021, shipping and handling costs included in

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**RELIANCE STEEL & ALUMINUM CO.**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

**December 31, 2022**

Warehouse, delivery, selling, general and administrative ("SG&A") expenses were \$509.7 million \$525.9 million, \$424.6 million \$509.7 million and \$357.4 million \$424.6 million, respectively. Shipment and delivery of our orders generally occur on the same day due to the close proximity of our customers and our metals service center locations.

*Toll Processing and Logistics*

Toll processing services relate to the processing of customer-owned metal. Logistics services primarily include transportation and storage services for metal we toll process. Revenue for these services is recognized over time as the toll processing or logistics services are performed. The toll processing services are generally short-term in nature with the service being performed in less than one day.

*Seasonality*

Some of our customers are in seasonal businesses, especially customers in the construction industry and related businesses. Our overall operations have not shown any material seasonal trends as a result of our geographic, product and customer diversity. Typically, revenues in the months of July, November and December have been lower than in other months because of a reduced number of working days for shipments of our products, resulting from holidays observed by the Company as well as vacation and extended holiday closures at some of our customers. The number of shipping days in each quarter also has an impact on our quarterly sales and profitability. We cannot predict whether period-to-period

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fluctuations will be consistent with historical patterns. Results of any one or more quarters are therefore not necessarily indicative of annual results.

#### **Stock-Based Compensation**

All of our stock-based compensation plans are considered equity plans. The fair value of stock awards and restricted stock units is determined based on the fair value of our common stock on the grant date. The fair value of stock awards and restricted stock units is expensed on a straight-line basis over their respective vesting periods, net of forfeitures when they occur. Stock-based compensation expense was **\$65.3 million** **\$65.0 million**, **\$65.3 million** and **\$70.8 million** in 2023, 2022 and **\$42.2 million** in 2022, 2021, and 2020, respectively, and is included in the **SG&A** **Warehouse, delivery, selling, general and administrative** caption of our consolidated statements of income.

#### **Environmental Remediation Costs**

We accrue for losses associated with environmental remediation obligations when such losses are probable and reasonably estimable. Accruals for estimated losses from environmental remediation obligations generally are recognized no later than completion of the remediation feasibility study. Such accruals are adjusted as further information develops or circumstances change. Recoveries of environmental remediation costs from insurance policies and other parties are recorded as assets when their receipt is deemed probable. We are not aware of any environmental remediation obligations that would materially affect our operations, financial position or cash flows. See Note 16—“Commitments and Contingencies” for further discussion of our environmental remediation matters.

#### **Income Taxes**

We file a consolidated U.S. federal income tax return with our wholly owned domestic subsidiaries. Deferred tax assets and liabilities are recognized for the expected future tax consequences of temporary differences between the financial reporting and tax reporting bases of assets and liabilities using the enacted tax rates expected to be in effect when such differences are realized or settled. The effect on deferred taxes from a change in tax rates is recognized in income in the period that includes the enactment date of the change. The provision for income taxes reflects the taxes to be paid for the period and the change during the period in the deferred tax assets and liabilities. We evaluate on a quarterly basis

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### **RELIANCE STEEL & ALUMINUM CO.**

#### **NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

**December 31, 2022**

whether, based on all available evidence, it is probable that the deferred income tax assets are realizable. Valuation allowances are established when it is estimated that it is more likely than not that the tax benefit of the deferred tax asset will not be realized.

We perform a comprehensive review of our uncertain tax positions on a quarterly basis. Tax benefits are recognized when it is more likely than not that a tax position will be sustained upon examination by the authorities. The benefit from a position that has surpassed the more-likely-than-not threshold is measured as the largest amount of benefit that is more than 50% likely to be realized upon settlement. We recognize interest and penalties accrued related to unrecognized tax benefits as a component of income tax expense.

#### Foreign Currencies

The currency effects of translating into U.S. dollars the financial statements of our foreign subsidiaries, which typically use the local currency of the countries in which they are located, are included in the Accumulated other comprehensive (loss) income loss caption in the consolidated balance sheets. Gains and losses resulting from foreign currency transactions are included in the results consolidated statements of operations income in the Other (income) expense, net caption and amounted to \$6.2 million \$1.3 million, \$4.0 million \$6.2 million and \$2.3 million \$4.0 million of losses in 2023, 2022 2021 and 2020, 2021, respectively.

#### Impact of Recently Issued Accounting Standards—Not Yet Adopted

**Reference Rate Reform Segment Reporting**—In March 2020, November 2023, the Financial Accounting Standards Board ("FASB") issued accounting changes that provided optional expedients require disclosure of significant expenses and exceptions other segment items included in the measure of segment profitability that the chief operating decision maker uses to assess segment performance and make decisions about resource allocation. Under these changes, companies like Reliance with a single reportable segment are required to provide the same disclosures.

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as companies with multiple segments. These changes will be effective for applying generally accepted accounting principles to contract modifications our fiscal years beginning January 1, 2024 and hedging relationships, subject to meeting certain criteria, that reference quarterly periods beginning January 1, 2025, with early adoption permitted. We are currently evaluating the London Interbank Offered Rate ("LIBOR") for deposits of U.S. dollars or another reference rate expected to be discontinued because of reference rate reform. In December 2022, the FASB deferred the sunset date to apply potential effect these accounting changes prospectively through December 31, 2024. In January 2023, we utilized the optional expedients and exceptions provided in these accounting changes to the amendment of our credit agreement that included a change to the reference rate from LIBOR to the Secured Overnight Finance Rate ("SOFR"). See Note 9—"Debt" for further discussion of the amendment to our credit agreement. The transition from LIBOR to SOFR did not will have a material impact on our consolidated financial statements, statement disclosures.

**Note 2. Acquisitions/Improvement to Income Tax Disclosures**—In December 2023, the FASB issued changes to expand the disclosure requirements for income taxes. The changes require disaggregated information about our effective tax rate reconciliation and income taxes paid. These changes will be

effective for our fiscal years beginning January 1, 2025, with early adoption permitted. We are currently evaluating the potential effect these changes will have on our consolidated financial statement disclosures.

## 2021 Note 2. Acquisitions

In the fourth quarter of 2021, we acquired each of **United Pipe & Steel Corp.** (formerly known as Merfish United, Inc.), Admiral Metals Servicenter Company, Incorporated, Nu-Tech Precision Metals Inc. and Rotax Metals Inc. with cash on hand. Included in our net sales for the year ended **December 31, 2022** were combined net sales of **\$863.0 million** **\$722.1 million** from our 2021 acquisitions.

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### RELIANCE STEEL & ALUMINUM CO.

#### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

**December 31, 2022**

The allocation of the total purchase price for our 2021 acquisitions to the fair values of the assets acquired and liabilities assumed was as follows:

	(in millions)
Cash	\$ 1.0
Accounts receivable	107.2
Inventories	134.4
Property, plant and equipment	33.6
Operating lease right-of-use assets	29.8
Goodwill	177.3
Intangible assets subject to amortization	116.3
Intangible assets not subject to amortization	51.2
Other current and long-term assets	4.0
Total assets acquired	<u>654.8</u>
Deferred taxes	48.6
Operating lease liabilities	24.6
Other current and long-term liabilities	141.3
Total liabilities assumed	<u>214.5</u>
Net assets acquired	<u><u>\$ 440.3</u></u>

#### **Summary purchase price allocation information for all acquisitions**

All of the acquisitions discussed in this note have been accounted for under the acquisition method of accounting and, accordingly, each purchase price has been allocated to the assets acquired and liabilities assumed based on the estimated fair values at the date of each acquisition. The accompanying

consolidated statements of income include the revenues and expenses of each acquisition since its respective acquisition date. The consolidated balance sheets reflect the allocations of each acquisition's purchase price as of December 31, 2022 or 2021, as applicable. The measurement periods for purchase price allocations do not exceed 12 months from the acquisition date.

As part of the purchase price allocations for the 2021 acquisitions, we allocated \$51.2 million to the trade names acquired. We determined that all of the trade names acquired in connection with these acquisitions had indefinite lives since their economic lives are expected to approximate the life of each company acquired. We recorded other identifiable intangible assets related to customer relationships for the 2021 acquisitions of \$92.3 million with weighted average lives of 10.0 years, and an identifiable other intangible asset related to production backlog of \$23.8 million with an average life of 7.9 years. The goodwill arising from our 2021 acquisitions consists largely of expected strategic benefits, including enhanced financial and operational scale, as well as expansion of acquired product and processing know-how across our enterprise. Goodwill of \$106.4 million from our 2021 acquisitions is deductible for tax purposes. Total goodwill deductible for tax purposes was \$854.5 million as of December 31, 2022.

#### Unaudited Pro forma financial information for **all 2021** acquisitions

The following unaudited pro forma summary financial results present the consolidated results of operations as if our 2021 acquisitions had occurred as of January 1, 2020, after the effect of certain adjustments, including non-recurring acquisition-related costs, amortization of inventory step-up to fair value adjustments included in cost of sales, depreciation and amortization of certain identifiable property, plant and equipment and intangible assets, and lease cost fair value adjustments. The pro forma summary financial results for the year ended December 31, 2021 excluded **\$7.7 million** **\$7.7 million** of acquisition-related costs.

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#### RELIANCE STEEL & ALUMINUM CO.

#### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

December 31, 2022

The pro forma results have been presented for comparative purposes only and are not indicative of what would have occurred had the 2021 acquisitions been made as of January 1, 2020, or of any potential results which may occur in the **future**. **future** (dollars are shown in millions, except per share amounts):

Pro forma:	Year Ended December 31,		Year Ended December 31, 2021 (in millions)
	2021	2020	
	(in millions, except per share amounts)		
Net sales	\$ 14,820.5	\$ 9,345.4	\$ 14,820.5
Net income attributable to Reliance	\$ 1,518.0	\$ 356.6	\$ 1,518.0

Earnings per share attributable to Reliance stockholders:				
Basic	\$ 24.01	\$ 5.54	\$ 24.01	
Diluted	\$ 23.60	\$ 5.46	\$ 23.60	

The pro forma amounts presented for the year ended December 31, 2020 include \$21.8 million of non-recurring amortization of inventory step-up to fair value adjustments, \$7.8 million of non-recurring excess renumeration paid to former owners and employees, and \$7.7 million of non-recurring acquisition-related costs. As adjusted for these non-recurring items, pro forma net income attributable to Reliance was \$384.6 million and pro forma diluted earnings per share were \$5.89 for the year ended December 31, 2020.

#### Note 3. Joint Ventures and Noncontrolling Interests

The equity method of accounting is used where our investment in voting stock gives us the ability to exercise significant influence over the investee, generally 20% to 50%. The financial results of investees are generally consolidated when the ownership interest is greater than 50%.

Operations that are majority owned by us are as follows: Indiana Pickling and Processing Company (56%-owned), in which our wholly-owned subsidiary, Feralloy Corporation, has a 56% ownership interest and Valex Corp.'s operations in South Korea, in which our wholly-owned subsidiary, Valex Corp., has a 96% ownership interest. The results of these majority-owned operations are consolidated in our financial results. The portion of the earnings related to the noncontrolling shareholder interests has been reflected in the Net income attributable to noncontrolling interests caption in the accompanying consolidated statements of income.

On March 31, 2020, through our wholly owned subsidiary, Feralloy Corporation, we purchased the remaining 49% noncontrolling interest<sup>49</sup>

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[Table of Feralloy Processing Company, an Indiana partnership \("FPC"\) and toll processor in Portage, Indiana. We have consolidated the financial results of FPC since August 1, 2008 when we acquired Feralloy Corporation as part of our acquisition of PNA Group, Inc. Consequently, the increase in our ownership from 51% to 100% was accounted for as an equity transaction. The \\$5.5 million decrease in total Reliance stockholders' equity recognized from the transaction was comprised of \\$8.0 million of cash consideration paid for the noncontrolling interest less its carrying amount of \\$1.1 million and \\$1.4 million of direct tax effects resulting from the transaction.](#) [Contents](#)

#### Note 4. Inventories

Our inventories are primarily stated on the LIFO method, which is not in excess of market. We use the LIFO method of inventory valuation because it results in a better matching of costs and revenues. The cost of inventories stated on the first-in, first-out ("FIFO") method is not in excess of net realizable value.

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**RELIANCE STEEL & ALUMINUM CO.**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

**December 31, 2022**

Inventories consisted of the following:

	December 31, 2022	December 31, 2021	December 31, 2023	December 31, 2022
	(in millions)			
LIFO inventories - cost on FIFO method	\$ 2,257.9	\$ 2,498.2		
LIFO inventories—cost on FIFO method			\$ 2,087.3	\$ 2,257.9
Cost on FIFO method higher than LIFO value	(743.8)	(820.4)	(579.3)	(743.8)
Inventories - stated on LIFO method	1,514.1	1,677.8		
Inventories - stated on FIFO method	481.2	387.2		
Inventories—stated on LIFO method			1,508.0	1,514.1
Inventories—stated on FIFO method			535.2	481.2
	\$ 1,995.3	\$ 2,065.0	\$ 2,043.2	\$ 1,995.3

The changes in the LIFO inventory valuation reserve were as follows:

	Year Ended December 31,			Year Ended December 31,		
	2022	2021	2020	2023	2022	2021
	(in millions)					
LIFO inventory valuation reserve (income) expense	\$ (76.6)	\$ 704.8	\$ (22.0)	\$ (164.5)	\$ (76.6)	\$ 704.8

Cost decreases for the majority of our products were the primary cause of the 2022 2023 and 2020 2022 LIFO inventory valuation reserve adjustment being change resulting in a credit, or income. Cost

increases for the majority of our products were the primary cause of the 2021 LIFO inventory valuation reserve adjustment being change resulting in a charge, or expense. There were insignificant liquidations of LIFO inventory quantities for all years presented.

#### Note 5. Revenues

The following table presents our sales disaggregated by product and service:

	Year Ended December 31,			Year Ended December 31,		
	2022	2021	2020	2023	2022	2021
	(in millions)			(in millions)		
Carbon steel	\$ 9,487.7	\$ 8,532.0	\$ 4,647.4	\$ 8,071.8	\$ 9,487.7	\$ 8,532.0
Aluminum				2,456.4	2,658.7	2,050.9
Stainless steel	2,877.4	2,267.0	1,435.6	2,336.7	2,877.4	2,267.0
Aluminum	2,658.7	2,050.9	1,687.6			
Alloy	741.0	547.5	436.5	704.9	741.0	547.5
Toll processing and logistics	554.2	470.7	387.5	610.6	554.2	470.7
Copper and brass	336.7	112.2	50.5	304.6	336.7	112.2
Other and eliminations	369.3	113.0	166.8	320.9	369.3	113.0
Total	\$ 17,025.0	\$ 14,093.3	\$ 8,811.9	\$ 14,805.9	\$ 17,025.0	\$ 14,093.3

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#### RELIANCE STEEL & ALUMINUM CO.

#### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

December 31, 2022

#### Note 6. Goodwill

The changes in the carrying amount of goodwill are as follows:

	(in millions)	(in millions)
Balance at January 1, 2021	\$ 1,935.2	

Acquisitions	172.0	
Effect of foreign currency translation	0.4	
Balance at December 31, 2021	2,107.6	
Balance at January 1, 2022	\$ 2,107.6	
Purchase price allocation adjustments	5.3	5.3
Effect of foreign currency translation	(7.0)	(7.0)
Balance at December 31, 2022	\$ 2,105.9	2,105.9
Acquisition		2.5
Effect of foreign currency translation		2.7
Balance at December 31, 2023	\$ 2,111.1	

We had no accumulated impairment losses related to goodwill at December 31, 2022 December 31, 2023 and 2021, 2022.

#### Note 7. Intangible Assets, net

Intangible assets, net, consisted of the following:

	December 31, 2022		December 31, 2021		December 31, 2023		December 31,		
	Weighted Average	Gross		Weighted Average	Gross		Weighted Average	Gross	
		Amortizable	Carrying		Accumulated	Carrying		Amortizable	Accumulated
	Life in Years	Amount	Amortization		Amount	Amortization	Life in Years	Amount	Amortization
Intangible assets subject to amortization:									
Customer lists/relationships	14.2	\$ 713.6	\$ (479.3)	\$ 713.0	\$ (435.1)	\$ 716.0	\$ (520.5)	\$ 713.6	\$ (435.1)
Backlog of orders	7.9	22.3	(3.1)	15.8	(0.2)	22.9	(6.0)	22.3	(0.2)
Other	9.1	9.9	(9.5)	9.9	(9.4)	10.0	(9.5)	9.9	(9.4)
		745.8	(491.9)	738.7	(444.7)	748.9	(536.0)	745.8	(444.7)
Intangible assets not subject to amortization:									
Trade names		765.7	—	783.7	—	768.2	—	765.7	—
		\$ 1,511.5	\$ (491.9)	\$ 1,522.4	\$ (444.7)	\$ 1,517.1	\$ (536.0)	\$ 1,511.5	\$ (444.7)

Certain Amortization expense for intangible assets amounted to \$43.8 million, \$48.1 million and \$38.7 million in 2023, 2022 and 2021, amounts have been reclassified for consistency with the current period presentation, respectively. Foreign currency translation gains were \$1.4 million in 2023 compared to losses of \$4.0 million in 2022.

In 2022, we recorded purchase price adjustments relating to our 2021 acquisitions based on the finalization. As part of intangible asset valuations that decreased trade name intangible assets by \$16.9 million, increased the backlog of orders intangible asset by \$8.0 million and increased customer lists/relationships intangible assets by \$2.7 million. See Note 2—"Acquisitions" for further discussion of intangible assets recorded in the purchase price allocations for allocation of our 2021 acquisitions. In acquisition of Southern Steel Supply, LLC on May 1, 2023, we allocated a total of \$3.9 million to the intangible assets acquired.

During 2021, we recognized impairment losses of \$4.7 million on our trade name intangible assets and a total of \$98.5 million of impairment losses in 2020, comprised of \$67.8 million on our trade name intangible assets and \$30.7 million on our customer relationship intangible assets. See Note 19—"Impairment and Restructuring Charges" for further discussion of our impairment losses.

Amortization expense for intangible assets amounted to \$48.1 million, \$38.7 million and \$39.6 million in 2022, 2021 and 2020, respectively. Foreign currency translation losses were \$4.0 million in 2022 compared to gains of \$0.3 million in 2021.

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**RELIANCE STEEL & ALUMINUM CO.**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

**December 31, 2022**

The following is a summary of estimated aggregate future amortization expense for each of the next five years: expense:

	(in millions)	(in millions)
2023	\$ 43.6	
2024	40.1	\$ 40.4
2025	35.9	36.3
2026	26.4	26.8
2027	25.8	26.1
2028		24.6
Thereafter		58.7
		\$ 212.9

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**Note 8. Cash Surrender Value of Life Insurance Policies, net Net**

The cash surrender value of all life insurance policies held by us, net of loans and related accrued interest, was \$42.0 million \$43.8 million and \$44.9 million \$42.0 million as of December 31, 2022 December 31, 2023 and 2021, 2022, respectively.

Our wholly owned subsidiary, Earle M. Jorgensen Company ("EMJ"), is the owner and beneficiary of life insurance policies on all former nonunion employees of a predecessor company, including certain current employees of EMJ. These policies, by providing payments to EMJ upon the death of covered individuals, were designed to provide cash to EMJ in order to repurchase shares held by employees in EMJ's former employee stock ownership plan and shares held individually by employees upon the termination of their employment. Reliance is also the beneficiary of key person life insurance policies held by a rabbi grantor trust for the benefit of participants of the Reliance Supplemental Executive Retirement Plan.

Cash surrender value of the life insurance policies, net increases by a portion of the amount of premiums paid and by from interest and investment income earned under the policies earnings and decreases by the amount of cost of insurance charges, investment losses and interest on policy loans, as applicable.

Annually, we borrow against the cash surrender value of policies to pay a portion of the premiums and accrued interest owed on loans against those policies. We borrowed \$73.1 million \$75.6 million, \$68.0 million \$73.1 million and \$60.0 million \$68.0 million, respectively, against the cash surrender value of certain policies, which was used to partially pay premiums and accrued interest owed of \$93.0 million \$96.5 million, \$93.0 million and \$86.3 million in 2023, 2022 and \$76.8 million in 2022, 2021, and 2020, respectively. The interest rate on outstanding borrowings under the EMJ life insurance policies is fixed at 11.76% and the portion of the policy cash surrender value that the borrowings relate to earns interest and dividend income at 11.26%. The unborrowed portion of the policy cash surrender value earns income at a rate commensurate with certain risk-free U.S. Treasury bond yields but not less than 4.0%. All other life insurance policies earn investment income or incur losses based on the performance of the underlying investments held by the policies.

As of December 31, 2022 December 31, 2023 and 2021, 2022, loans and accrued interest outstanding on EMJ's life insurance policies were \$849.5 million \$897.9 million and \$789.1 million \$849.5 million, respectively.

Income earned on our life insurance policies cost of insurance charges and redemptions, interest expense on borrowings against cash surrender values and cost of insurance charges are included in the Other (income) expense, net caption in the accompanying consolidated statements of income. See Note 15—"Other Expense (Income), net" for further information on the earnings and expenses of our life insurance policies. income as follows:

Year Ended December 31,		
2023	2022	2021

	(in millions)		
Investment income from life insurance policies	\$ (97.5)	\$ (85.2)	\$ (84.6)
Interest expense on life insurance policy loans	98.4	91.6	85.5
Life insurance policy cost of insurance	16.9	15.7	14.4
Income from life insurance policy redemptions	(11.7)	(6.6)	(6.2)
Life insurance policy expense, net	\$ 6.1	\$ 15.5	\$ 9.1

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**RELIANCE STEEL & ALUMINUM CO.**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

**December 31, 2022**

**Note 9. Debt**

Debt consisted of the following:

	December 31, 2022	December 31, 2021	December 31, 2023	December 31, 2022
Unsecured revolving credit facility maturing September 3, 2025	\$ —	\$ —	\$ —	\$ —
Senior unsecured notes, interest payable semi-annually at 4.50%, effective rate of 4.63%, redeemed on January 15, 2023	500.0	500.0	—	500.0
Senior unsecured notes, interest payable semi-annually at 1.30%, effective rate of 1.53%, maturing August 15, 2025	400.0	400.0	400.0	400.0
Senior unsecured notes, interest payable semi-annually at 2.15%, effective rate of 2.27%, maturing August 15, 2030	500.0	500.0	500.0	500.0
Senior unsecured notes, interest payable semi-annually at 6.85%, effective rate of 6.91%, maturing November 15, 2036	250.0	250.0	250.0	250.0

Other notes and revolving credit facilities	9.6	12.4	1.4	9.6
Total	1,659.6	1,662.4	1,151.4	1,659.6
Less: unamortized discount and debt issuance costs	(12.0)	(15.4)	(9.2)	(12.0)
Less: amounts due within one year and short-term borrowings	(508.2)	(5.0)	(0.3)	(508.2)
Total long-term debt	\$ 1,139.4	\$ 1,642.0	\$ 1,141.9	\$ 1,139.4

The weighted average interest rate on the Company's outstanding borrowings as of December 31, 2023 and 2022 was 2.88% and 3.37%, respectively.

#### Unsecured Credit Facility

On September 3, 2020, we entered into a \$1.5 billion unsecured five-year Amended and Restated Credit Agreement that amended and restated our then-existing \$1.5 billion unsecured revolving credit facility. On January 12, 2023, the agreement was further amended to change the reference rate from LIBOR to SOFR the Secured Overnight Financing Rate ("SOFR") (as amended, the "Credit Agreement"). Following the amendment, As of December 31, 2023, borrowings under the Credit Agreement were available at variable rates based on SOFR plus 1.10% or the bank prime rate and we currently pay a commitment fee at an annual rate of 0.175% on the unused portion of the revolving credit facility. The applicable margins over SOFR and base rate borrowings, along with commitment fees, are subject to adjustment every quarter based on our leverage ratio, as defined in the Credit Agreement. All borrowings under the Credit Agreement may be prepaid without penalty.

As of December 31, 2022 December 31, 2023 and 2021, 2022, we had no outstanding borrowings on the revolving credit facility. As of December 31, 2022 December 31, 2023 and 2021, 2022, we had \$7.7 million \$1.4 million and \$8.9 million, respectively, \$7.7 million of letters of credit outstanding, respectively, under the revolving credit facility.

#### Senior Unsecured Notes

On January 15, 2023, we redeemed in full the \$500.0 million aggregate outstanding principal amount of our 4.50% senior notes due 2023 in full. We funded this redemption April 15, 2023 using cash on hand.

Under the indentures for each series of our senior notes (the "indentures"), the notes are senior unsecured obligations and rank equally in right of payment with all of our existing and future unsecured and unsubordinated obligations. If we experience a change in control accompanied by a downgrade in our credit rating, we will be required to make an offer to repurchase each series of the notes at a price equal to 101% of their principal amount plus accrued and unpaid interest.

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#### RELIANCE STEEL & ALUMINUM CO.

#### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

December 31, 2022

#### Other Notes, Revolving Credit and Letters Letter of Credit/Letters of Guarantee Facilities

A revolving credit facility with a credit limit of \$7.8 million \$7.7 million is in place for an operation in Asia with an outstanding balance as of December 31, 2023 and \$2.2 million and \$4.7 million outstanding as of December 31, 2022 and 2021, respectively.

Various industrial revenue bonds had combined outstanding balances of \$7.4 million \$1.4 million and \$7.7 million \$7.4 million as of December 31, 2022 December 31, 2023 and 2021, 2022, respectively, and have maturities through 2027.

We have a \$50.0 million standby letters of credit/letters of guarantee agreement with one of the lenders under our Credit Agreement provides letters of credit and/or letters of guarantee in an amount not to exceed \$50.0 million in the aggregate. As of December 31, 2022, December 31, 2023 and 2022, a total of \$40.9 million and \$18.7 million of letters of credit/guarantee were outstanding under this facility, respectively.

#### Covenants

The Credit Agreement and the Indentures include customary representations, warranties, covenants and events of default provisions. The covenants under the Credit Agreement include, among other things, two financial maintenance covenants that require us to comply with a minimum interest coverage ratio and a maximum leverage ratio. We were in compliance with all financial maintenance covenants in under our Credit Agreement at December 31, 2022 December 31, 2023.

#### Debt Maturities

The following is a summary of aggregate maturities of long-term debt for each of the next five years and thereafter:

	(in millions)	(in millions)
2023	\$ 508.2	
2024	0.3	\$ 0.3
2025	400.3	400.3
2026	0.4	0.4
2027	0.4	0.4
2028	—	
Thereafter	750.0	750.0
	\$ 1,659.6	\$ 1,151.4

#### Note 10. Leases

Our metals service center leases are comprised of processing and distribution facilities, equipment, automobiles, trucks and trailers, ground leases and other leased spaces, such as depots, sales offices, storage and data centers. We also lease various office spaces. Our leases of facilities and other spaces expire at various times through 2045 and our ground leases expire at various times through 2068. Nearly all of our leases are operating leases; we have recognized finance right-of-use assets and obligations of less than \$1.0 million.

The following is a summary of our lease cost:

	Year Ended December 31,			Year Ended December 31,		
	2022	2021	2020	2023	2022	2021
	(in millions)					
						(in millions)
Operating lease cost	\$ 91.4	\$ 82.2	\$ 82.1	\$ 97.4	\$ 91.4	\$ 82.2

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**RELIANCE STEEL & ALUMINUM CO.**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

**December 31, 2022**

Our operating lease costs include payments to various related parties that are not executive officers of the Company, in the amounts of \$0.2 million, \$1.9 million and \$1.9 million in 2022, 2021 and 2020, respectively. These related party leases are for buildings leased to certain of the companies we have acquired and expire through 2023.

Supplemental cash flow and balance sheet information is presented below:

	Year Ended December 31,			Year Ended December 31,		
	2022	2021	2020	2023	2022	2021
						(in millions)
Supplemental cash flow information:						(in millions)
Cash payments for operating leases	\$ 86.9	\$ 81.7	\$ 81.7	\$ 95.2	\$ 86.9	\$ 81.7

Right-of-use assets obtained in exchange for operating lease obligations	\$52.4	\$ 46.8	\$ 58.8	\$74.7	\$ 52.4	\$ 46.8
					December 31, 2023	December 31, 2022
					December 31, 2022	December 31, 2021
<b>Other lease information:</b>						
Weighted average remaining lease term—operating leases		6.6 years	5.8 years		5.8 years	6.6 years
Weighted average discount rate—operating leases		3.8%	3.3%		4.3%	3.8%

**Maturities** The following is a summary of aggregate maturities of operating lease liabilities as of December 31, 2022 for each of the next five years and thereafter:

	(in millions)
2024	\$ 64.9
2025	52.1
2026	39.1
2027	29.6
2028	22.6
Thereafter	65.1
Total operating lease payments	<u>273.4</u>
Less: imputed interest	(38.3)
<b>Total operating lease liabilities</b>	<b><u>\$ 235.1</u></b>

#### Note 11. Income Taxes

Reliance and its subsidiaries file numerous consolidated and separate income tax returns in the U.S. federal jurisdiction and in many state and foreign jurisdictions. We are no longer subject to U.S. federal tax examinations for years before 2020 and state and local tax examinations before 2019. Significant components of the provision for income taxes attributable to continuing operations were as follows:

	(in millions)
2023	\$ 59.1
2024	48.9
2025	36.3
2026	24.8
2027	17.5
Thereafter	64.8
Total operating lease payments	<u>251.4</u>
Less: imputed interest	(33.7)
<b>Total operating lease liabilities</b>	<b><u>\$ 217.7</u></b>

	Year Ended December 31,		
	2023	2022	2021
	(in millions)		
<b>Current:</b>			
Federal	\$ 277.0	\$ 418.9	\$ 362.9
State	73.8	112.9	98.0
Foreign	33.6	61.1	28.6
	<u>384.4</u>	<u>592.9</u>	<u>489.5</u>

<b>Deferred:</b>			
Federal	18.0	(3.7)	(20.2)
State	0.3	(2.0)	(4.0)
Foreign	(2.1)	(1.0)	0.4
	<u>16.2</u>	<u>(6.7)</u>	<u>(23.8)</u>
	<u><u>\$ 400.6</u></u>	<u><u>\$ 586.2</u></u>	<u><u>\$ 465.7</u></u>

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**RELIANCE STEEL & ALUMINUM CO.**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

**December 31, 2022**

**Note 11. Income Taxes**

Reliance and its subsidiaries file numerous consolidated and separate income tax returns in the United States federal jurisdiction and in many state and foreign jurisdictions. We are no longer subject to U.S. federal tax examinations for years before 2019 and state and local tax examinations before 2018. Significant components of the provision for income taxes attributable to continuing operations were as follows:

	Year Ended December 31,		
	2022	2021	2020
(in millions)			
<b>Current:</b>			
Federal	\$ 418.9	\$ 362.9	\$ 77.6
State	112.9	98.0	24.9
Foreign	61.1	28.6	17.0
	<u>592.9</u>	<u>489.5</u>	<u>119.5</u>
<b>Deferred:</b>			
Federal	(3.7)	(20.2)	(7.1)
State	(2.0)	(4.0)	0.3
Foreign	(1.0)	0.4	(6.9)
	<u>(6.7)</u>	<u>(23.8)</u>	<u>(13.7)</u>
	<u><u>\$ 586.2</u></u>	<u><u>\$ 465.7</u></u>	<u><u>\$ 105.8</u></u>

Components of U.S. and international income before income taxes were as follows:

	Year Ended December 31,			Year Ended December 31,		
	2022	2021	2020	2023	2022	2021
(in millions)						

	(in millions)					
U.S.	\$ 2,199.2	\$ 1,778.5	\$ 465.9	\$ 1,579.4	\$ 2,199.2	\$ 1,778.5
International	231.2	104.6	12.3	161.3	231.2	104.6
Income before income taxes	<u>\$ 2,430.4</u>	<u>\$ 1,883.1</u>	<u>\$ 478.2</u>	<u>\$ 1,740.7</u>	<u>\$ 2,430.4</u>	<u>\$ 1,883.1</u>

The reconciliation of income tax at the U.S. federal statutory tax rate to income tax expense is as follows:

	Year Ended December 31,			Year Ended December 31,		
	2022	2021	2020	2023	2022	2021
Income tax at U.S. federal statutory tax rate	21.0 %	21.0 %	21.0 %	21.0 %	21.0 %	21.0 %
State income tax, net of federal tax effect	3.5	3.8	3.6	3.4	3.5	3.8
Foreign earnings taxed at higher rates	0.5	0.4	1.0	(0.1)	0.5	0.4
Foreign earnings taxed at (lower) higher rates				(1.1)	(0.6)	(0.8)
Net effect of life insurance policies	(0.6)	(0.8)	(2.9)	—	—	0.1
Net effect of changes in unrecognized tax benefits	—	0.1	(0.3)	—	—	0.1
Stock-based compensation	—	0.3	0.8	—	—	0.3
Other, net	(0.3)	(0.1)	(1.1)	(0.2)	(0.3)	(0.1)
Effective tax rate	<u>24.1 %</u>	<u>24.7 %</u>	<u>22.1 %</u>	<u>23.0 %</u>	<u>24.1 %</u>	<u>24.7 %</u>

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**RELIANCE STEEL & ALUMINUM CO.**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

**December 31, 2022**

Significant components of our deferred tax assets and liabilities are as follows:

	December 31,		December 31,	
	2022	2021	2023	2022

	(in millions)		(in millions)	
<b>Deferred tax assets:</b>				
Allowance for doubtful accounts	\$ 6.6	\$ 6.6	\$ 6.8	\$ 6.6
Inventory costs capitalized for tax purposes	12.0	12.9	13.1	12.0
LIFO inventories	0.7	—	—	0.7
Accrued expenses not currently deductible for tax	29.2	36.9	32.0	29.2
Stock-based compensation	11.1	10.1	12.7	11.1
Net operating loss carryforwards	3.2	3.9	2.5	3.2
Tax credits carryforwards	0.7	0.9	0.4	0.7
<b>Total deferred tax assets</b>	<b>63.5</b>	<b>71.3</b>	<b>67.5</b>	<b>63.5</b>
<b>Deferred tax liabilities:</b>				
Property, plant and equipment, net	(196.8)	(183.1)	(208.4)	(196.8)
Goodwill and other intangible assets	(340.9)	(342.0)	(342.8)	(340.9)
LIFO inventories	—	(25.0)	(6.3)	—
Other	(2.4)	(6.0)	(4.0)	(2.4)
<b>Total deferred tax liabilities</b>	<b>(540.1)</b>	<b>(556.1)</b>	<b>(561.5)</b>	<b>(540.1)</b>
<b>Net deferred tax liabilities</b>	<b>\$ (476.6)</b>	<b>\$ (484.8)</b>	<b>\$ (494.0)</b>	<b>\$ (476.6)</b>

As of December 31, 2022 December 31, 2023, we had \$3.6 million \$3.0 million of state and \$0.4 million \$0.1 million of acquired federal net operating loss carryforwards ("NOLs"), which are available to offset future income taxes. The state and federal NOLs expire in various years from 2023 2024 through 2042, 2043, if not utilized. We believe that it is more likely than not that we will be able to realize these NOLs within their respective carryforward periods.

The Company believes it is more likely than not that it will generate sufficient future taxable income to realize its deferred tax assets.

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#### Unrecognized Tax Benefits

We are under audit by various a state jurisdictions jurisdiction for years 2017 2018 through 2019, 2021, but do not anticipate any material adjustments from these examinations. Reconciliation of the beginning and ending balances of the total amounts of unrecognized tax benefits is as follows:

	Year Ended December					
	Year Ended December 31,			31,		
	2022	2021	2020	2023	2022	2021
(in millions)						

	(in millions)						
Unrecognized tax benefits at January 1	\$ 1.9	\$ 1.0	\$ 2.2	\$ 1.4	\$ 1.9	\$ 1.0	
Increases in tax positions for prior years	0.8	—	—	—	—	—	
(Decreases) increases in tax positions for prior years				(0.2)	0.8	—	
Increases in tax positions for current year	—	1.0	—	0.6	—	1.0	
Settlements	(0.8)	—	(1.1)	(0.2)	(0.8)	—	
Lapse of statute of limitations	(0.5)	(0.1)	(0.1)	(0.4)	(0.5)	(0.1)	
Unrecognized tax benefits at December 31	<u>\$ 1.4</u>	<u>\$ 1.9</u>	<u>\$ 1.0</u>	<u>\$ 1.2</u>	<u>\$ 1.4</u>	<u>\$ 1.9</u>	

As of December 31, 2022 December 31, 2023, \$1.4 million \$1.2 million of unrecognized tax benefits would impact the effective tax rate if recognized. Accrued interest and penalties, net of applicable tax effect, related to uncertain tax positions were \$0.3 million \$0.1 million and \$0.7

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**RELIANCE STEEL & ALUMINUM CO.**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

**December 31, 2022**

million \$0.3 million as of December 31, 2022 December 31, 2023 and 2021, 2022, respectively. Although the timing, settlement or closure of audits is not certain, we do not anticipate our unrecognized tax benefits will increase or decrease significantly over the next twelve months.

**Note 12. Stock-Based Compensation Plans**

We make annual grants of long-term equity incentive awards to officers and key employees under our Second Amended and Restated 2015 Incentive Award Plan in the forms of service-based restricted stock units ("RSUs") and performance-based restricted stock units ("PSUs") that each have approximately 3-year vesting periods. We also grant the non-employee non-management members of our Board of Directors fully vested stock awards under our Directors Equity Plan. The fair values of the RSUs, PSUs and stock awards are determined based on the closing stock price of our common stock on the grant date.

At December 31, 2022 December 31, 2023, an aggregate of 1,690,229 1,539,738 shares were authorized for future grant under our various stock-based compensation plans. Awards that expire or are canceled without delivery of shares of our common stock and shares withheld related to net share settlements of vested restricted stock units generally become available for issuance under the plans. As RSUs and PSUs vest, we issue new shares of Reliance common stock.

## Stock Awards

In 2022, 2021 and 2020, we granted 6,136; 6,248; and 12,807 fully vested stock awards, respectively, to the non-employee members of the Board of Directors. The fair values of the stock awards granted in 2022, 2021 and 2020, were \$182.41 per share, \$166.39 per share and \$91.30 per share, respectively, determined based on the closing price of our common stock on the respective grant dates.

## Restricted Stock Units

In 2022, 2021 and 2020, we granted to key employees equity awards consisting of RSUs and PSUs in aggregate amounts of 305,249 units, 318,495 units and 540,547 units, respectively, as follows:

	RSUs Vesting				
	December 1, and				
	RSU and PSU	Grant Date	PSUs Vesting		
2023	RSUs	PSUs	Aggregate Units	Fair Value	December 31,
2023	109,683	84,129	193,812	\$ 247.90	2025
2022	192,798	112,451	305,249	\$ 187.31	2024
2021	191,139	127,356	318,495	\$ 141.41	2023

Each RSU and PSU includes a service-based condition and consists of a right to receive shares of our common stock and dividend equivalent rights, subject to forfeiture, equal to the accrued cash or stock dividends where the record date for such dividends is after the grant date but before the award is settled. In 2022, 2021 and 2020, we granted 192,798, 191,139, and 330,144 The RSUs respectively, that provide the right to receive one share of our common stock and cliff vest at on December 1 2024, December 1, 2023 and December 1, 2022, respectively, if the recipient is upon satisfaction of an employee of the Company on those dates. Additionally, in 2022, 2021 and 2020, we granted 112,451, 127,356 and 210,403 approximately 3-year service-based condition. The PSUs respectively, that included include performance goals and the right to receive a maximum of two shares of our common stock and vest only upon the satisfaction of the service-based condition and certain performance targets for the three-year 3-year periods ending December 31 2024.

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A summary of the status of our unvested RSUs and PSUs as of December 31, 2023 and changes during the year then ended is as follows:

	Weighted	
	Average	
	RSU and PSU	Grant Date
	Aggregate Units	Fair Value
Unvested at January 1, 2023	582,012	\$ 164.60

Granted	193,812	247.90
Vested	(310,485)	146.27
Cancelled or forfeited	(28,100)	187.55
Unvested at December 31, 2023	437,239	\$ 213.06
Shares reserved for future grants (all plans)	1,539,738	

The fair values as of the respective vesting dates of RSUs and PSUs vested during 2023, 2022 and 2021 were \$123.8 million, December 31, 2023 \$147.2 million and December 31, 2022 \$126.0 million, respectively. PSUs totaling 132,787 units that vested on December 31, 2023 were settled in February 2024 through the issuance of 265,574 equivalent shares of our common stock.

#### Stock Awards

In 2023, 2022 and 2021, we granted 4,305, 6,136 and 6,248 stock awards, in total, respectively, to the non-employee members of the Board of Directors that were fully vested on the grant date. The fair values of the stock awards granted in 2023, 2022 and 2021, and 2020 RSUs and PSUs granted were \$187.31 \$243.61 per share, \$141.41 \$182.41 per share and \$82.81 \$166.39 per share, respectively, determined based on the closing price of our common stock on the respective grant dates.

In 2022, 2021 and 2020, we made payments of \$39.7 million, \$21.2 million and \$23.1 million, respectively, to tax authorities on our employees' behalf for shares withheld related to net share settlements.

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### RELIANCE STEEL & ALUMINUM CO.

#### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

**December 31, 2022**

A summary of the status of our unvested RSUs and PSUs as of December 31, 2022 and changes during the year then ended is as follows:

	Weighted	
	Average	
	RSU and PSU	Grant Date
	Aggregate Units	Fair Value
Unvested at January 1, 2022	831,597	\$ 105.12
Granted	305,249	187.31
Vested	(518,743)	84.82
Cancelled or forfeited	(36,091)	132.95
Unvested at December 31, 2022	582,012	\$ 164.60

The fair values as of the respective vesting dates of RSUs and PSUs vested during 2022, 2021 and 2020 were \$147.2 million, \$126.0 million and \$54.0 million, respectively. PSUs totaling 196,944 units that

vested on December 31, 2022 were settled in February 2023 through the issuance of 393,888 equivalent shares of our common stock.

#### Unrecognized Compensation Cost and Tax Benefits

As of December 31, 2022 December 31, 2023, there was \$73.9 million \$64.7 million of total unrecognized compensation cost related to unvested RSUs and PSUs in an aggregate amount of 582,012 units that are expected to be settled through the issuance of 802,184 shares of our common stock. The unrecognized compensation cost is expected to be recognized, net of actual forfeitures and cancellations, over a weighted average period of 1.7 1.6 years.

The tax benefit realized from our stock-based compensation plans in 2023, 2022 and 2021 was \$7.7 million, \$8.0 million and 2020 was \$8.0 million, \$6.8 million and \$6.1 million, respectively.

#### Note 13. Employee Benefits

##### Defined Contribution Plans

Effective in 1998, the RelianceSteel&AluminumCo. Master 401(k) Plan (the "Master 401(k) Plan") was established, which combined several of the various 401(k) and profit-sharing plans of the Company and its subsidiaries into one plan. Salaried and certain hourly employees of the Company and its participating subsidiaries are covered under the Master 401(k) Plan. Eligibility occurs after 30 days of service and the Company contribution vests at 25% per year. Our Other Defined Contribution Plans We have other defined contribution plans that include the Precision Strip Retirement and Savings Plan and plans at certain domestic and foreign subsidiaries that have not merged their plans into the Master 401(k) Plan as of December 31, 2022 December 31, 2023 (collectively, the "Other Defined Contribution Plans").

We also sponsor the RelianceSteel&AluminumCo. Employee Stock Ownership Plan, a tax-qualified noncontributory employee stock ownership plan, for certain salaried and hourly employees of the Company. The plan is closed to new enrollees and the Company is not currently making annual contributions to the plan.

##### Supplemental Executive Retirement Plans

Effective January 1996, we adopted the Supplemental Executive Retirement Plan ("Reliance SERP"), which is a nonqualified pension plan that provides postretirement pension benefits to certain key officers of the Company. The

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Reliance SERP is administered by the Compensation Committee of the Board. Benefits are based upon the employees' earnings. We recognized settlement losses of \$2.3 million and \$6.7 million in the years ended December 31, 2022 and 2020, respectively, related to the payment of benefits under the Reliance SERP.

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**RELIANCE STEEL & ALUMINUM CO.**
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**
**December 31, 2022**

Life insurance policies were purchased for most individuals covered by the Reliance SERP and held within a **rabbi** **grantor** trust. See Note 8—“Cash Surrender Value of Life Insurance Policies, **net**” **Net** for further discussion of our life insurance policies. Separate supplemental executive retirement plans exist for certain wholly owned subsidiaries of the Company (together with the Reliance SERP, the “SERPs”), each of which provides postretirement pension benefits to certain former key employees. All SERPs have been frozen to new **participants**, **participants** since 2009.

**Deferred Compensation Plan**

In December 2008, the Reliance Deferred Compensation Plan (the “DCP”) was established for certain officers and key employees of the Company. Account balances from various compensation plans of subsidiaries were contributed and consolidated into this new deferred compensation plan. Plan participants may contribute a portion of their eligible compensation to the plan and Reliance currently makes contributions to the plan for certain participants.

During 2021, we established a **rabbi** **grantor** trust to fund our obligations under the DCP. The **rabbi** **grantor** trust is an irrevocable grantor trust to which we may contribute assets for the purpose of funding the DCP. Although we may not use the assets of the **rabbi** **grantor** trust for any purpose other than meeting our obligations under the DCP, the assets of the **rabbi** **grantor** trust remain subject to the claims of our creditors. The aggregate fair value of the marketable securities held by the **rabbi** **grantor** trust as of **December 31, 2022** **December 31, 2023** and **2021** **2022** were **\$41.2 million** **\$51.0 million** and **\$40.9 million** **\$41.2 million**, respectively, and the amount of our obligations to the participants under the DCP on those dates were also **\$41.2 million** **\$51.0 million** and **\$40.9 million** **\$41.2 million**, respectively. The **rabbi** **grantor** trust assets and our liability under the DCP are included in the Other long-term assets and Other long-term liabilities captions of our consolidated balance sheets. The Company expects to contribute **\$2.0 million** **\$2.4 million** to the plan during **2023**, **2024**.

**Multiemployer Plans**

Certain of our union employees participate in plans collectively bargained and maintained by multiple employers and a labor union. We do not recognize on our balance sheet any amounts relating to these plans. For **2023**, **2022** **2021** and **2020** **2021** our contributions to these plans were **\$5.4 million**, **\$4.8 million** **\$5.4 million** and **\$5.3 million** **\$4.8 million**, respectively. Some of the plans we participate in are in endangered, critical or critical and declining status and have adopted rehabilitation plans. If we were to withdraw our participation from these plans, we would be required to recognize a liability on our balance sheet and the amount could be significant.

**Defined Benefit **Plans** Plan**

Our wholly owned subsidiary, EMJ, maintains a qualified defined benefit pension plan (the "Defined Benefit Plan") for certain union employees. The plan generally provides benefits of stated amounts for each year of service or provides benefits based on the participant's hourly wage rate and years of service. The plan permits the sponsor, at any time, to amend or terminate the plan. **We also maintained frozen defined benefit plans (together with the Defined Benefit Plan, the "Defined Benefit Plans"), which were merged into a single plan that was terminated during 2020, which resulted in our recognition of a \$12.7 million settlement loss.**

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**RELIANCE STEEL & ALUMINUM CO.**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

**December 31, 2022**

We use a December 31 measurement date for our plans. The following is a summary of the status of the funding of the SERPs and Defined Benefit Plan:

	SERPs		Defined Benefit Plan		SERPs		Defined Benefit Plan	
	2022	2021	2022	2021	2023	2022	2023	2022
	(in millions)		(in millions)		(in millions)		(in millions)	
<b>Change in benefit obligation:</b>								
Benefit obligation at beginning of year	\$ 36.4	\$ 37.5	\$ 74.5	\$ 76.3	\$ 18.8	\$ 36.4	\$ 55.0	\$ 74.5
Service cost	0.4	1.0	2.0	2.2	0.3	0.4	1.3	2.0
Interest cost	0.7	0.6	2.0	1.8	0.9	0.7	2.7	2.0
Actuarial gain <sup>(1)</sup>	(5.6)	(1.8)	(21.0)	(3.6)				
Actuarial loss (gain) <sup>(1)</sup>					1.0	(5.6)	1.0	(21.0)
Benefits paid	(0.8)	(0.9)	(2.5)	(2.2)	(0.8)	(0.8)	(2.5)	(2.5)
Plan amendment					—	—	2.5	—
Plan settlement	(12.3)	—	—	—	—	(12.3)	—	—
Benefit obligation at end of year	\$ 18.8	\$ 36.4	\$ 55.0	\$ 74.5	\$ 20.2	\$ 18.8	\$ 60.0	\$ 55.0

<b>Change in plan assets:</b>								
Fair value of plan assets at beginning of year	N/A	N/A	\$ 70.9	\$ 63.9	N/A	N/A	\$ 56.7	\$ 70.9
Actual return on plan assets	N/A	N/A	(11.7)	9.2	N/A	N/A	9.6	(11.7)
Benefits paid	N/A	N/A	(2.5)	(2.2)	N/A	N/A	(2.5)	(2.5)
Fair value of plan assets at end of year	N/A	N/A	\$ 56.7	\$ 70.9	N/A	N/A	\$ 63.8	\$ 56.7
<b>Funded status:</b>								
Funded status of the plans	<u><u>\$ (18.8)</u></u>	<u><u>\$ (36.4)</u></u>	<u><u>\$ 1.7</u></u>	<u><u>\$ (3.6)</u></u> <u><u>\$ (20.2)</u></u>	<u><u>\$ (18.8)</u></u>	<u><u>\$ 3.8</u></u>	<u><u>\$ 1.7</u></u>	
<b>Items not yet recognized as component of net periodic pension expense:</b>								
Unrecognized net actuarial losses	\$ 1.9	\$ 10.5	\$ 0.5	\$ 5.6				
Unrecognized net actuarial losses (gains)					\$ 2.9	\$ 1.9	\$ (4.7)	\$ 0.5
Unamortized prior service cost	—	—	2.8	3.4	—	—	4.8	2.8
	<u><u>\$ 1.9</u></u>	<u><u>\$ 10.5</u></u>	<u><u>\$ 3.3</u></u>	<u><u>\$ 9.0</u></u>	<u><u>\$ 2.9</u></u>	<u><u>\$ 1.9</u></u>	<u><u>\$ 0.1</u></u>	<u><u>\$ 3.3</u></u>

<sup>(1)</sup> Actuarial gains in 2022 and 2021 were primarily due to increases in the discount rate used to measure the obligations.

As of December 31, 2022 December 31, 2023 and 2021, 2022, the following amounts were recognized on the balance sheet:

	SERPs		Defined Benefit Plan		SERPs		Defined Benefit Plan	
	2022	2021	2022	2021	2023	2022	2023	2022
<b>Amounts recognized in the statement of financial position:</b>								
Noncurrent assets	\$ —	\$ —	\$ 1.7	\$ —	\$ —	\$ —	\$ 3.8	\$ 1.7
Current liabilities	(0.8)	(12.9)	—	—	(0.8)	(0.8)	—	—
Noncurrent liabilities	(18.0)	(23.5)	—	(3.6)	(19.4)	(18.0)	—	—
Accumulated other comprehensive loss	1.9	10.5	3.3	9.0	2.9	1.9	0.1	3.3
Net amount recognized	<u><u>\$ (16.9)</u></u>	<u><u>\$ (25.9)</u></u>	<u><u>\$ 5.0</u></u>	<u><u>\$ 5.4</u></u>	<u><u>\$ (17.3)</u></u>	<u><u>\$ (16.9)</u></u>	<u><u>\$ 3.9</u></u>	<u><u>\$ 5.0</u></u>

The accumulated benefit obligation for the SERPs was \$17.1 million \$18.2 million and \$32.9 million \$17.1 million as of December 31, 2022 December 31, 2023 and 2021, 2022, respectively.

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At December 31, 2022, the fair value of the Defined Benefit Plan assets of \$56.7 million exceeded the accumulated benefit obligation of \$55.0 million. At December 31, 2021, the accumulated benefit obligation of the Defined Benefit Plan of \$74.5 million exceeded the fair value of plan assets of \$70.9 million.

Details of net periodic benefit cost related to the SERPs and Defined Benefit Plans Plan are presented below:

	SERPs			Defined Benefit Plans			SERPs			Defined Benefit Plan		
	Year Ended December 31,			Year Ended December 31, Year Ended December 31,			Year Ended December 31,			Year Ended December 31,		
	2022	2021	2020	2022	2021	2020	2023	2022	2021	2023	2022	2021
												(in millions)
												(in millions)
Service cost	\$ 0.4	\$ 1.0	\$ 0.9	\$ 2.0	\$ 2.2	\$ 2.1	\$ 0.3	\$ 0.4	\$ 1.0	\$ 1.3	\$ 2.0	\$ 2.2
Interest cost	0.7	0.6	1.0	2.0	1.8	2.6	0.9	0.7	0.6	2.7	2.0	1.8
Expected return on plan assets	—	—	—	(4.2)	(3.9)	(4.4)	—	—	—	(3.3)	(4.2)	(3.9)
Settlement losses	2.3	—	6.7	—	—	12.7	—	2.3	—	—	—	—
Settlement loss	—	—	—	—	—	—	—	2.3	—	—	—	—
Prior service cost	—	—	—	0.5	0.6	0.6	—	—	—	0.5	0.5	0.6
Amortization of net loss	0.6	1.8	1.9	—	0.8	1.1	—	0.6	1.8	—	—	0.8

<u>\$ 4.0</u>	<u>\$ 3.4</u>	<u>\$ 10.5</u>	<u>\$ 0.3</u>	<u>\$ 1.5</u>	<u>\$ 14.7</u>	<u>\$ 1.2</u>	<u>\$ 4.0</u>	<u>\$ 3.4</u>	<u>\$ 1.2</u>	<u>\$ 0.3</u>	<u>\$ 1.5</u>
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Net periodic benefit cost related to the SERPs and the Defined Benefit **Plans** **Plan** is presented in our consolidated statements of income, as summarized below:

Amounts recognized in the statement of income:	SERPs			Defined Benefit Plans			SERPs			Defined Benefit Plan		
	Year Ended December 31,			Year Ended December 31,			Year Ended December 31,			Year Ended December 31,		
	2022	2021	2020	2022	2021	2020	2023	2022	2021	2023	2022	2021
(in millions)												
(in millions)												
Warehouse, delivery, selling, general and administrative expense	\$ 0.4	\$ 1.0	\$ 0.9	\$ 2.0	\$ 2.2	\$ 2.1	\$ 0.3	\$ 0.4	\$ 1.0	\$ 1.3	\$ 2.0	\$ 2.2
Other expense (income), net	3.6	2.4	9.6	(1.7)	(0.7)	12.6	0.9	3.6	2.4	(0.1)	(1.7)	(0.7)
	<u>\$ 4.0</u>	<u>\$ 3.4</u>	<u>\$ 10.5</u>	<u>\$ 0.3</u>	<u>\$ 1.5</u>	<u>\$ 14.7</u>	<u>\$ 1.2</u>	<u>\$ 4.0</u>	<u>\$ 3.4</u>	<u>\$ 1.2</u>	<u>\$ 0.3</u>	<u>\$ 1.5</u>

Assumptions used to determine net periodic benefit cost are detailed below:

Weighted average assumptions to determine net cost:	SERPs			Defined Benefit Plans			SERPs			Defined Benefit Plan		
	Year Ended December			Year Ended December			Year Ended December			Year Ended December		
	31,			31,			31,			31,		
	2022	2021	2020	2022	2021	2020	2023	2022	2021	2023	2022	2021
Discount rate	2.17 %	1.64 %	2.63 %	2.70 %	2.40 %	2.85 %	4.58 %	2.17 %	1.64 %	5.00 %	2.70 %	2.40 %

Expected long-term rate of return on plan assets	N/A	N/A	N/A	6.00 %	6.25 %	6.25 %	N/A	N/A	N/A	6.00 %	6.00 %	6.25 %
Rate of compensation increase	6.00 %	6.00 %	6.00 %	N/A	N/A	N/A	6.00 %	6.00 %	6.00 %	N/A	N/A	N/A

Assumptions used to determine the benefit obligation are detailed below:

	SERPs		Defined Benefit Plan	
	December 31,		December 31,	
	2023	2022	2023	2022
<b>Weighted average assumptions to determine benefit obligations:</b>				
Discount rate	4.35 %	4.51 %	4.80 %	5.00 %
Expected long-term rate of return on plan assets	N/A	N/A	6.00 %	6.00 %
Rate of compensation increase	6.00 %	6.00 %	N/A	N/A

Employer contributions of \$0.8 million are expected during 2024 to the SERPs and none for the Defined Benefit Plan.

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### RELIANCE STEEL & ALUMINUM CO.

#### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

December 31, 2022

Assumptions used to determine the benefit obligation are detailed below:

	SERPs		Defined Benefit Plan	
	December 31,		December 31,	
	2022	2021	2022	2021
<b>Weighted average assumptions to determine benefit obligations:</b>				
Discount rate	4.51 %	2.16 %	5.00 %	2.70 %
Expected long-term rate of return on plan assets	N/A	N/A	6.00 %	6.25 %
Rate of compensation increase	6.00 %	6.00 %	N/A	N/A

Employer contributions of \$0.8 million are expected during 2023 to the SERPs and none for the Defined Benefit Plan.

#### Plan Assets and Investment Policy

The weighted-average asset allocations of our Defined Benefit Plan by asset category were as follows:

	December 31,		December 31,	
	2022	2021	2023	2022
<b>Plan assets:</b>				
Equity securities	58 %	66 %	62 %	58 %
Debt securities	38	32	37	38
Cash and cash equivalents	4	2	1	4
<b>Total</b>	<b>100 %</b>	<b>100 %</b>	<b>100 %</b>	<b>100 %</b>

Plan assets are invested in various asset classes that are expected to produce a sufficient level of diversification and investment return over the long term. The investment goal is a return on assets that is at least equal to the assumed actuarial rate of return over the long-term within reasonable and prudent levels of risk. We establish our estimated long-term return on plan assets assumption considering various factors including the targeted asset allocation percentages, historic returns and expected future returns.

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**RELIANCE STEEL & ALUMINUM CO.**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

**December 31, 2022**

The fair value measurements of the investments held by our Defined Benefit Plan fall within the following levels of the fair value hierarchy as of **December 31, 2022** **December 31, 2023** and **2021**:

	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
	_____	_____	_____	_____	_____	_____	_____	_____
(in millions)								
<b>December 31, 2023</b>								
Common stock(1)	\$37.8	\$ —	\$ —	\$37.8	—	8.3	—	8.3
U.S. government, state and agency	—	8.3	—	8.3	—	3.8	—	3.8
Corporate debt securities(2)	—	3.8	—	3.8	13.4	—	—	13.4
Mutual funds(3)	13.4	—	—	13.4				

Interest bearing cash	0.5	—	—	0.5
Total investments at fair value	\$51.7	\$12.1	\$—	\$63.8
(in millions)				
<b>December 31, 2022</b>				
Common stock <sup>(1)</sup>	\$ 31.4	\$ —	\$ —	\$ 31.4
U.S. government, state and agency	—	6.0	—	6.0
Corporate debt securities <sup>(2)</sup>	—	4.6	—	4.6
Mutual funds <sup>(3)</sup>	12.6	—	—	12.6
Interest bearing cash	2.1	—	—	2.1
Total investments at fair value	<u>\$ 46.1</u>	<u>\$ 10.6</u>	<u>\$ —</u>	<u>\$ 56.7</u>
<b>December 31, 2021</b>				
Common stock <sup>(1)</sup>	\$ 39.0	\$ —	\$ —	\$ 39.0
U.S. government, state and agency	—	5.1	—	5.1
Corporate debt securities <sup>(2)</sup>	—	4.9	—	4.9
Mutual funds <sup>(3)</sup>	20.6	—	—	20.6
Interest bearing cash	1.3	—	—	1.3
Total investments at fair value	<u>\$ 60.9</u>	<u>\$ 10.0</u>	<u>\$ —</u>	<u>\$ 70.9</u>

<sup>(1)</sup> Comprised primarily of securities of large domestic and foreign companies. Valued at the closing price reported on the active market on which the individual securities are traded on national exchanges.

<sup>(2)</sup> Valued using pricing models maximizing the use of observable inputs for similar securities. This includes basing values on a combination of inputs, including benchmark yields, reported trades, broker/dealer quotes, issuer spreads, two-sided markets, benchmark securities, bids, offers and reference data.

<sup>(3)</sup> Mutual funds held are registered with the United States Securities and Exchange Commission. These funds are required to publish their daily net asset value (NAV) and to transact at that price. The mutual funds held are deemed to be actively traded.

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#### **Summary Disclosures—SERPs and Defined Benefit Plan**

The following is a summary of benefit payments under the SERPs and the Defined Benefit Plan, which reflect expected future employee service, as appropriate, expected to be paid in the periods indicated:

	Defined		Defined	
	SERPs	Benefit Plan	SERPs	Benefit Plan
	(in millions)			
2023	\$ 0.8	\$ 2.6		

	(in millions)					
2024		0.8	2.7	\$ 0.8	\$ 2.7	
2025		0.8	2.9	0.8	3.0	
2026		0.8	3.1	0.8	3.2	
2027		1.2	3.2	1.2	3.4	
2028-2032	20.7		18.0			
2028				0.6	3.6	
2029-2033				22.1	19.7	

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**RELIANCE STEEL & ALUMINUM CO.**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

**December 31, 2022**

**Contributions to Reliance Sponsored Retirement Plans**

Our expense for Reliance-sponsored retirement plans was as follows:

	Year Ended December 31,			Year Ended December 31,		
	2022	2021	2020	2023	2022	2021
	(in millions)					
Master 401(k) Plan	\$ 28.1	\$ 25.6	\$ 21.2	\$ 29.3	\$ 28.1	\$ 25.6
Precision Strip Retirement and Savings Plan	9.2	8.0	5.2	10.9	9.2	8.0
Supplemental Executive Retirement Plans	4.0	3.4	10.5			
Deferred Compensation Plan	2.0	2.5	(0.3)	2.4	2.0	2.5
Other Defined Contribution Plans	2.0	2.0	1.7	2.0	2.0	2.0
Defined Benefit Plans	0.3	1.5	14.7			
Defined Benefit Plan				1.2	0.3	1.5
Supplemental Executive Retirement Plans				1.2	4.0	3.4

	\$ 45.6	\$ 43.0	\$ 53.0	\$ 47.0	\$ 45.6	\$ 43.0
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#### Note 14. Equity

##### Common Stock

We have paid regular quarterly cash dividends on our common stock for 63 consecutive years. Our Board of Directors increased the quarterly dividend to \$0.625 per share in February 2020 from \$0.55 per share, to \$0.6875 per share in February 2021 from \$0.625 per share, to \$0.875 per share in February 2022, and to \$1.00 per share in February 2023 and to \$1.10 per share in February 2024. The holders of Reliance common stock are entitled to one vote per share on each matter submitted to a vote of stockholders.

##### Shares Outstanding

Issued and outstanding common shares were as follows:

	Year Ended December 31,			Year Ended December 31,		
	2022	2021	2020	2023	2022	2021
	(in thousands)					
Issued and outstanding common shares, beginning balances	61,806	63,600	66,854	58,787	61,806	63,600
Issued to settle RSUs and PSUs, net of withheld shares	506	313	414	362	506	313
Issued for stock option exercises	—	—	6			
Repurchased	(3,525)	(2,107)	(3,674)	(1,878)	(3,525)	(2,107)
Issued and outstanding common shares, ending balances	58,787	61,806	63,600	57,271	58,787	61,806

##### Share Repurchases

On July 26, 2022 October 24, 2023, our Board of Directors amended renewed our share repurchase program to increase the remaining repurchase authorization to \$1.5 billion effective October 30, 2023. Our \$1.0 billion share repurchase program authorized

by our Board of Directors on July 26, 2022 had remaining repurchase authorization of \$261.5 million as of the date of the renewal. The share repurchase program does not obligate us to repurchase any specific number of shares, does not have a specific expiration date and may be suspended or discontinued at any time. Repurchased and subsequently retired shares are restored to the status of authorized but unissued shares. As of December 31, 2022 December 31, 2023, we had remaining authorization under the plan to repurchase \$680.7 million \$1.44 billion of our common shares. We repurchase shares through our common stock from time to time pursuant to a combination of one or more open market purchases and transactions structured through investment banking institutions under plans relying on in reliance upon Rule 10b5-1 and/or Rule 10b-18 under the Exchange Act.

**RELIANCE STEEL & ALUMINUM CO.****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)****December 31, 2022**

Our share repurchase activity for the past three years consisted of the following:

	Average Cost			Average Cost		
	Shares (in thousands)	Per Share	Amount (in millions)	Shares (in thousands)	Per Share	Amount (in millions)
2023				1,878	\$ 255.30	\$ 479.5
2022	3,525	\$ 178.81	\$ 630.3	3,525	\$ 178.81	\$ 630.3
2021	2,107	\$ 153.55	\$ 323.5	2,107	\$ 153.55	\$ 323.5
2020	3,674	\$ 91.80	\$ 337.3			

The table above excludes taxes paid for shares withheld to settle employees' tax withholding obligations related to net share settlements upon the vesting of restricted stock units of \$54.1 million, \$39.7 million and \$21.2 million for 2023, 2022 and 2021, respectively. Additionally, our share repurchases exclude excise tax due under the Inflation Reduction Act of 2022.

**Preferred Stock**

We are authorized to issue 5,000,000 shares of preferred stock, par value \$0.001 per share. No shares of our preferred stock are issued and outstanding. Our restated articles of incorporation provide that shares of preferred stock may be issued from time to time in one or more series by the Board. The Board can fix the preferences, conversion and other rights, voting powers, restrictions and limitations as to

dividends, qualifications and terms and conditions of redemption of each series of preferred stock. The rights of preferred stockholders may supersede the rights of common stockholders.

#### Accumulated Other Comprehensive Loss

Accumulated other comprehensive loss included the following:

	Pension and			Pension and		
	Foreign Currency	Postretirement Benefit	Accumulated Other	Foreign Currency	Postretirement Benefit	Accumulated Other
	Translation	Plan Adjustments, Net of Tax	Comprehensive Loss (in millions)	Translation	Plan Adjustments, Net of Tax	Comprehensive (Loss) Income (in millions)
<b>Balance</b>						
as of January 1, 2022	\$ (55.2)	\$ (13.7)	\$ (68.9)			
Balance as of January 1, 2023				\$ (84.0)	\$ (2.3)	\$ (86.3)
Current- year change	(28.8)	11.4	(17.4)	8.3	1.3	9.6
<b>Balance</b>						
as of December 31, 2022	\$ (84.0)	\$ (2.3)	\$ (86.3)			
Balance as of December 31, 2023				\$ (75.7)	\$ (1.0)	\$ (76.7)

Foreign currency translation adjustments have not been adjusted for income taxes. Pension and postretirement benefit plan adjustments are amortized over service periods and reflected in the amortization of net loss component of our net periodic benefit cost or are otherwise recognized as a loss as a result of plan settlements.

Pension and postretirement benefit adjustments are net of taxes of \$1.3 million \$0.7 million and \$3.3 million \$1.3 million as of December 31, 2022 December 31, 2023 and 2021, 2022, respectively. The income tax effects are released from accumulated other comprehensive loss and included in our income tax provision as obligations under our pension and postretirement plans are settled. In 2022, \$0.3 million of income tax effects were released related to the partial settlement of the Reliance SERP. See Note 13 —“Employee Benefits” for further information on our 2022 plan settlement.

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## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

December 31, 2022

## Note 15. Other (Income) Expense, (Income), net Net

Significant components of Other (income) expense, net are as follows:

	Year Ended December 31,			Year Ended December 31,		
	2022	2021	2020	2023	2022	2021
	(in millions)					
Investment income from life insurance policies	\$ (85.2)	\$ (84.6)	\$ (79.3)			
Interest expense on life insurance policy loans	91.6	85.5	79.4			
Life insurance policy cost of insurance	15.7	14.4	13.4			
Income from life insurance policy redemptions	(6.6)	(6.2)	(4.6)			
Interest income					(in millions)	
(Income) loss on deferred compensation plan assets					\$ (35.2)	\$ (9.3)
Life insurance policy expense, net					6.1	15.5
Foreign currency transaction losses	6.2	4.0	2.3	1.3	6.2	4.0
Net periodic benefit cost—settlement losses	2.3	—	19.4			
Net periodic benefit cost—components other than service cost and settlement loss	(0.4)	1.7	2.8			
Loss (income) on deferred compensation plan assets	6.9	(4.1)	(4.3)			
Interest income	(9.3)	(1.1)	(0.9)			
All other, net	(7.0)	(6.5)	(3.5)	(6.9)	(5.1)	(4.8)
	<u>\$ 14.2</u>	<u>\$ 3.1</u>	<u>\$ 24.7</u>	<u>\$ (41.3)</u>	<u>\$ 14.2</u>	<u>\$ 3.1</u>

## Note 16. Commitments and Contingencies

## Purchase Commitments

As of December 31, 2022 December 31, 2023, we had commitments to purchase minimum quantities of certain metal products, which we entered into to secure material for corresponding long-term sales commitments we have entered into with our customers. The total amount of the minimum commitments based on current pricing is estimated at approximately \$320.1 million \$301.4 million, with amounts in 2023, 2024, 2025 and thereafter being \$179.1 million \$195.7 million, \$44.9 million \$54.7 million and \$96.1 million \$51.0 million, respectively.

## Collective Bargaining Agreements

As of December 31, 2022 December 31, 2023, approximately 1,900 1,850, or 13% 12%, of our total employees were covered by 51 60 collective bargaining agreements at 52 of our different locations, which expire at various times over the next five years. Approximately 500 700 of our employees are covered by 23 19 different collective bargaining agreements that will expire during 2023, 2024.

#### **Environmental Contingencies**

We are subject to extensive and changing federal, state, local and foreign laws and regulations designed to protect the environment, including those relating to the use, handling, storage, discharge and disposal of hazardous substances and the remediation of environmental contamination. Our operations use minimal amounts of such substances.

We believe we are in material compliance with environmental laws and regulations; however, we are from time to time involved in administrative and judicial proceedings and inquiries relating to environmental matters. Some of our owned or leased properties are located in industrial areas with histories of heavy industrial use. We may incur some environmental liabilities because of the location of these properties. In addition, we are currently involved with an environmental remediation project related to activities at former manufacturing operations of EMJ, our wholly owned subsidiary, that were sold many years prior to our acquisition of EMJ in 2006. Although the potential cleanup costs could

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### **RELIANCE STEEL & ALUMINUM CO.**

#### **NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

**December 31, 2022**

be significant, EMJ maintained insurance policies during the time it owned the manufacturing operations that have covered costs incurred to date and are expected to continue to cover the majority of the related costs. We do not expect that this obligation will have a material adverse impact on our consolidated financial position, results of operations or cash flows.

#### **Legal Matters**

From time to time, we are named as a defendant in legal actions. These actions generally arise in the ordinary course of business. We are not currently a party to any pending legal proceedings other than routine litigation incidental to the business. We expect that these matters will be resolved without having a material adverse impact on our consolidated financial condition, results of operations or cash flows. We maintain general liability insurance against risks arising in the ordinary course of business.

#### **Risks and Uncertainties**<sup>65</sup>

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We continue to monitor the impact of the COVID-19 pandemic, and government actions and measures taken to prevent its spread, and the potential to affect our operations. In addition to COVID-19, the conflict between Russia and Ukraine and macroeconomic disruptions such as inflation and the potential for an economic recession or slowdown could also significantly impact the demand for our products and services, as well as those of our customers and suppliers, and our estimates and judgments may be subject to greater volatility than in the past. Refer to Part I, Item 1A "Risk Factors" for further discussion of risks that could adversely affect our estimates and judgments. [Contents](#)

#### Note 17. Earnings Per Share

The following table sets forth the computation of basic and diluted earnings per share:

	Year Ended December 31,			Year Ended December 31,		
	2022	2021	2020	2023	2022	2021
(in millions, except share amounts which are reflected in thousands and per share amounts)						
(in millions, except number of shares which are reflected in thousands and per share amounts)						
<b>Numerator:</b>						
Net income attributable to Reliance	\$ 1,840.1	\$ 1,413.0	\$ 369.1	\$ 1,335.9	\$ 1,840.1	\$ 1,413.0
<b>Denominator:</b>						
Weighted average shares outstanding	60,559	63,217	64,328	58,328	60,559	63,217
Dilutive effect of stock-based awards	936	1,110	935	687	936	1,110
Weighted average diluted shares outstanding	61,495	64,327	65,263	59,015	61,495	64,327
<b>Earnings per share attributable to Reliance stockholders:</b>						
Basic	\$ 30.39	\$ 22.35	\$ 5.74	\$ 22.90	\$ 30.39	\$ 22.35
Diluted	\$ 29.92	\$ 21.97	\$ 5.66	\$ 22.64	\$ 29.92	\$ 21.97

The computations of diluted earnings per share using the treasury stock method for 2023, 2022 2021 and 2020 2021 do not include 51,409, 83,857 116,206 and 183,508 116,206 weighted average shares, respectively, in respect of outstanding RSUs and PSUs, because their inclusion would have been anti-dilutive.

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[Table of Contents](#)**RELIANCE STEEL & ALUMINUM CO.****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)****December 31, 2022****Note 18. Segment Information**

We have one operating and reportable segment—*metals service centers*. Although a variety of products or services are sold at our various locations, in total, gross sales were comprised of the following in each of the three years ended December 31:

	2022	2021	2020	2023	2022	2021
Carbon steel	54 %	58 %	51 %	53 %	54 %	58 %
Aluminum				16	15	14
Stainless steel	17	16	16	15	17	16
Aluminum	15	14	19			
Alloy	4	4	5	5	4	4
Toll processing and logistics	3	3	4	4	3	3
Copper and brass	2	1	1	2	2	1
Other	5	4	4	5	5	4
Total	100 %	100 %	100 %	100 %	100 %	100 %

The following table summarizes consolidated financial information of our U.S. and foreign operations:

	Foreign		
	United States	Countries	Total
	(in millions)		
<b>Year Ended December 31, 2022:</b>			
Net sales	\$ 15,978.6	\$ 1,046.4	\$ 17,025.0
Long-lived assets	5,051.9	391.4	5,443.3
<b>Year Ended December 31, 2021:</b>			
Net sales	13,371.7	721.6	14,093.3
Long-lived assets	4,971.2	404.7	5,375.9
<b>Year Ended December 31, 2020:</b>			
Net sales	8,180.7	631.2	8,811.9
Long-lived assets	4,709.1	284.9	4,994.0

**Note 19. Impairment and Restructuring Charges**

Our impairment and restructuring charges consisted of the following:

	Year Ended December 31,		
	2022	2021	2020
	(in millions)		
Intangible assets, net	\$ —	\$ 4.7	\$ 98.5

Property, plant and equipment	—	—	9.3
Operating lease right-of-use assets	—	—	0.2
Total impairment charges	—	4.7	108.0
Restructuring—cost of sales	—	—	38.2
Restructuring—SG&A	1.4	0.1	11.6
Total impairment and restructuring charges	<u>\$ 1.4</u>	<u>\$ 4.8</u>	<u>\$ 157.8</u>

We recorded impairment and restructuring charges of \$157.8 million in 2020, which was substantially comprised of a \$137.5 million impairment and restructuring charge recognized during the first quarter of 2020 mainly due to our reduced long-term outlook for our businesses serving the energy (oil and natural gas) market and to a lesser extent charges related

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**RELIANCE STEEL & ALUMINUM CO.**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

**December 31, 2022**

to the closure of certain locations where our outlook had turned negative based on the impacts from COVID-19 and our anticipated losses on the disposition of property, plant and equipment, and inventories.

The measurement of intangible assets at fair value in 2021 and 2020 was determined using discounted cash flow techniques. The use of discounted cash flow models requires judgment and the use of inputs by management that are unobservable, including revenue forecasts, discount rates and long-term growth rates. Unobservable inputs also include the Company's expectations of the assumptions market participants would use in pricing the eventual recovery of the oil and natural gas and aerospace industries based on the best available information in the circumstances at that time.

	United States	Foreign		Total
		Countries	(in millions)	
<b>Year Ended December 31, 2023:</b>				
Net sales	\$ 13,786.8	\$ 1,019.1	\$ 14,805.9	
Long-lived assets	5,288.4	420.1	5,708.5	
<b>Year Ended December 31, 2022:</b>				
Net sales	15,978.6	1,046.4	17,025.0	
Long-lived assets	5,051.9	391.4	5,443.3	
<b>Year Ended December 31, 2021:</b>				
Net sales	13,371.7	721.6	14,093.3	
Long-lived assets	4,971.2	404.7	5,375.9	

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**Note 19. Subsequent Events**

In February 2024, we completed the acquisition of Cooksey Iron & Metal Company ("Cooksey Steel") and entered into a definitive agreement to acquire American Alloy Steel, Inc. ("American Alloy") subject to regulatory approval and other customary closing conditions.

The allocation of the total purchase price for our acquisition of Cooksey Steel to the fair values of the assets acquired and liabilities assumed is not presented as the accounting is incomplete due to the recency of the acquisition.

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**RELIANCE, STEEL & ALUMINUM CO., INC.**  
**SCHEDULE II—VALUATION AND QUALIFYING ACCOUNTS**  
(in millions)

Year Ended	Additions			Amounts			Additions			Amounts		
	Balance at Beginning	Charged to Costs and Expenses	Charged to Other	Balance at End of Year	Balance at Beginning	Charged to Costs and Expenses	Charged to Other	Balance at End of Year	Balance at Beginning	Charged to Costs and Expenses	Charged to Other	Balance at End of Year
	of Year	Deductions <sup>(1)</sup> Accounts	Accounts	Year	of Year	Deductions <sup>(1)</sup> Accounts	Accounts	Year	of Year	Deductions <sup>(1)</sup> Accounts	Accounts	Year
December 31, 2023:												
Allowance for credit losses					\$ 26.1	\$ 3.5	\$ 4.7	\$ —	\$ 24.9			
Year Ended December 31, 2022:												
Allowance for credit losses	\$ 26.7	\$ 3.4	\$ 4.0	\$ —	\$ 26.1	\$ 26.7	\$ 3.4	\$ 4.0	\$ —	\$ 26.1		

Year Ended	Year Ended										Year Ended									
December																				
31, 2021:																				
Allowance for credit losses	\$ 19.0	\$ 9.8	\$ 2.8	\$ 0.7	\$ 26.7	\$ 19.0	\$ 9.8	\$ 2.8	\$ 0.7	\$ 26.7										
Year Ended																				
December																				
31, 2020:																				
Allowance for credit losses	\$ 17.8	\$ 5.8	\$ 4.6	\$ —	\$ 19.0															

<sup>(1)</sup> Uncollectible accounts written off.

See accompanying report of independent registered public accounting firm.

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#### Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

None.

#### Item 9A. Controls and Procedures

##### Disclosure Controls and Procedures

We maintain disclosure controls and procedures, which are designed to ensure that information required to be disclosed in the reports we file or submit under the Exchange Act, is recorded, processed, summarized and reported within time periods specified in the Securities and Exchange Commission's rules and forms, and that such information is accumulated and communicated to our management, including our chief executive officer, or CEO, and chief financial officer, or CFO, as appropriate to allow timely decisions regarding required disclosure. In designing and evaluating the disclosure controls and procedures, management recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives, and management is required to apply its judgment in evaluating the cost-benefit relationship of possible controls and procedures.

Under the supervision and with the participation of the Company's management, including our CEO and CFO, an evaluation was performed on the effectiveness of the design and operation of our disclosure controls and procedures as of the end of the period covered by this annual report. Based on that evaluation, our management, including our CEO and CFO, concluded that our disclosure controls and procedures were effective as of **December 31, 2022** **December 31, 2023** at a reasonable assurance level.

##### Changes in Internal Control over Financial Reporting

An evaluation was also performed under the supervision and with the participation of our management, including our CEO and CFO, of any change in our internal control over financial reporting that occurred

during our last fiscal quarter and that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting. That evaluation did not identify any change in our internal control over financial reporting that occurred during our last fiscal quarter and that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

#### **Management's Report on Internal Control over Financial Reporting**

Our management is responsible for establishing and maintaining adequate internal control over financial reporting. All internal control systems, no matter how well designed, have inherent limitations. Therefore, even those systems determined to be effective can provide only reasonable assurance with respect to financial statement preparation and presentation.

Under the supervision and with the participation of our management, including our CEO and CFO, we conducted an evaluation of the effectiveness of our internal control over financial reporting based on the framework in *Internal Control—Integrated Framework* (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on our evaluation under the framework in *Internal Control—Integrated Framework* (2013), our management concluded that our internal control over financial reporting was effective as of **December 31, 2022** **December 31, 2023**.

The effectiveness of our internal control over financial reporting as of **December 31, 2022** **December 31, 2023** has been audited by KPMG LLP, an independent registered public accounting firm, as stated in their audit report, which is included [herein](#).

[in Item 9B. Other Information](#) [9A.](#)

None.

#### **Item 9C. Disclosure Regarding Foreign Jurisdictions that Prevent Inspections**

None.

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#### **Report of Independent Registered Public Accounting Firm**

To the Stockholders and Board of Directors

Reliance, Steel & Aluminum Co., Inc.:

##### *Opinion on Internal Control Over Financial Reporting*

We have audited Reliance, Steel & Aluminum Co., Inc. and subsidiaries' (the Company) internal control over financial reporting as of **December 31, 2022** **December 31, 2023**, based on criteria established in *Internal Control – Integrated Framework* (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission. In our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of **December 31, 2022** **December 31, 2023**, based on criteria established

in *Internal Control – Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the consolidated balance sheets of the Company as of **December 31, 2022**, **December 31, 2023** and **2021**, the related consolidated statements of income, comprehensive income, equity, and cash flows for each of the years in the three-year period ended **December 31, 2022**, **December 31, 2023**, and the related notes and financial statement schedule II of valuation and qualifying accounts (collectively, the consolidated financial statements), and our report dated **February 28, 2023**, **February 29, 2024** expressed an unqualified opinion on those consolidated financial statements.

#### *Basis for Opinion*

The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management's Report on Internal Control Over Financial Reporting. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audit also included performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

#### *Definition and Limitations of Internal Control Over Financial Reporting*

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

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Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk

that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/s/ KPMG LLP

Los Angeles, California

February 28, 2023

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**Item 9B. Other Information**

During the fourth quarter ended December 31, 2023, none of the Company's directors or officers (as defined in Rule 16a-1(f) of the Securities Exchange Act of 1934) adopted, terminated or modified a Rule 10b5-1 trading arrangement or non-Rule 10b5-1 trading arrangement (as such terms are defined in Item 408(a) of Regulation S-K).

**Item 9C. Disclosure Regarding Foreign Jurisdictions that Prevent Inspections**

None.

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**PART III**

**Item 10. Directors, Executive Officers and Corporate Governance**

Information about our Code of Conduct, which applies to our executive officers and senior management, our directors, including our audit committee and audit committee financial experts and the procedures by which stockholders can recommend director nominees, and our executive officers will be in our definitive Proxy Statement for our 2023 2024 Annual Meeting of Stockholders to be held on May 17, 2023 May 15, 2024 (the "Proxy Statement") and is incorporated herein by reference.

**Item 11. Executive Compensation**

Information relating to our executive officer and director compensation and the compensation committee of the Board of Directors will be included in the Proxy Statement and is incorporated herein by reference (excluding the information contained under the heading "Executive Compensation Tables—Pay Versus Performance Disclosure").

**Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters**

Information relating to security ownership of certain beneficial owners of our common stock and information relating to the security ownership of our management will be included in the Proxy Statement and is incorporated herein by reference.

**Item 13. Certain Relationships and Related Transactions, and Director Independence**

The Information regarding certain relationships and related transactions and director independence will be included in the Proxy Statement and is incorporated herein by reference.

**Item 14. Principal Accounting Fees and Services**

Information regarding principal accountant fees and services will be included in the Proxy Statement and is incorporated herein by reference.

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[Table of Contents](#)**PART IV****Item 15. Exhibits and Financial Statement Schedules**

- (a) The following documents are filed as part of this report:
  - (1) Financial Statements (included in Item 8).

[Report of Independent Registered Public Accounting Firm](#)

[Consolidated Balance Sheets](#)

[Consolidated Statements of Income](#)

[Consolidated Statements of Comprehensive Income](#)

[Consolidated Statements of Equity](#)

Consolidated Statements of Cash Flows

Notes to Consolidated Financial Statements

(2) Financial Statement Schedules

Schedule II—Valuation and Qualifying Accounts

All other schedules have been omitted since the required information is not significant or is included in the **Consolidated Financial Statements** **consolidated financial statements** or notes thereto or is not applicable.

(3) Exhibits

Exhibit Number	Incorporated by Reference					Incorporated by Reference			
	Description	Form	Exhibit	Filing	Date/	Description	Form	Exhibit	Filing Date/
				Period	End				Period End
3.01	<u>Registrant's Restated Certificate of Incorporation.</u>	8-K	3.1			<u>Registrant's Restated Certificate of Incorporation.</u>	8-K	3.1	
3.02	<u>Registrant's Amended and Restated Bylaws.</u>	8-K	3.2	6/1/2015	6/1/2015	<u>Registrant's Amended and Restated Bylaws.</u>	8-K	3.1	6/1/2015
3.03	<u>First Amendment, dated February 16, 2016 to Registrant's Amended and Restated Bylaws.</u>	8-K	3.1	2/16/2016		<u>First Amendment, dated February 16, 2016 to Registrant's Amended and Restated Bylaws.</u>	8-K	3.2	2/15/2024

4.01	<a href="#">Exchange Notes under the Indenture dated November 20, 2006 by and among Registrant, the Subsidiary Guarantors party thereto, and Wells Fargo Bank, National Association, as Trustee.</a>	8-K	10.01	11/20/2006	<a href="#">Exchange Notes under the Indenture dated November 20, 2006 by and among Registrant, the Subsidiary Guarantors party thereto, and Wells Fargo Bank, National Association, as Trustee.</a>	8-K	10.01	11/20/2006
4.02	<a href="#">Forms of the Notes and the Exchange Notes under the Indenture.</a>	8-K	10.02	11/20/2006	<a href="#">Forms of the Notes and the Exchange Notes under the Indenture.</a>	8-K	10.02	11/20/2006
4.03	<a href="#">Indenture dated April 12, 2013 by and among Registrant, the Subsidiary Guarantors party thereto, and Wells Fargo Bank, National Association, as Trustee.</a>	8-K	4.1	4/12/2013	<a href="#">Indenture dated April 12, 2013 by and among Registrant, the Subsidiary Guarantors party thereto, and Wells Fargo Bank, National Association, as Trustee.</a>	8-K	4.1	4/12/2013

4.04	<a href="#">First Supplemental Indenture dated April 12, 2013 by and among Registrant, the Subsidiary Guarantors party thereto, and Wells Fargo Bank, National Association, as Trustee.</a>	8-K	4.2	4/12/2013	<a href="#">First Supplemental Indenture dated April 12, 2013 by and among Registrant, the Subsidiary Guarantors party thereto, and Wells Fargo Bank, National Association, as Trustee.</a>	8-K	4.2	4/12/2013
4.05	<a href="#">Description of Registrant's Securities Registered Pursuant to Section 12 of the Exchange Act.</a>	10-K	4.05	12/31/2019	<a href="#">Description of Registrant's Securities Registered Pursuant to Section 12 of the Exchange Act.</a>	10-	4.05	12/31/2019
4.06	<a href="#">Indenture, dated August 3, 2020, among Reliance Steel &amp; Aluminum Co. and Wells Fargo Bank, National Association, as trustee.</a>	8-K	4.1	8/3/2020	<a href="#">Indenture, dated August 3, 2020, among Reliance Steel &amp; Aluminum Co. and Wells Fargo Bank, National Association, as trustee.</a>	8-K	4.1	8/3/2020

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Exhibit Number	Incorporated by Reference					Incorporated by Reference				
	Description	Form	Exhibit	Filing Date/	Description	Form	Exhibit	Filing Date/	Period End	Period End
				Period End				Date		

4.07	<a href="#">First Supplemental Indenture, dated August 3, 2020, among Reliance Steel &amp; Aluminum Co. and Wells Fargo Bank, National Association, as trustee (including forms of note for the 1.300% Senior Notes due 2025 and 2.150% Senior Notes due 2030).</a>	8-K	4.2	8/3/2020	<a href="#">First Supplemental Indenture, dated August 3, 2020, among Reliance Steel &amp; Aluminum Co. and Wells Fargo Bank, National Association, as trustee (including forms of note for the 1.300% Senior Notes due 2025 and 2.150% Senior Notes due 2030).</a>	8-K	4.2	8/3/2020
10.01†	<a href="#">Registrant's Supplemental Executive Retirement Plan (Amended and Restated effective as of January 1, 2009).</a>	10-K	10.15	12/31/2008	<a href="#">Registrant's Supplemental Executive Retirement Plan (Amended and Restated effective as of January 1, 2009).</a>	10-	10.15	12/31/2008
10.02†	<a href="#">Registrant's Directors Equity Plan.</a>	DEF		4/1/2011	<a href="#">Registrant's Directors Equity Plan.</a>	DEF		4/1/2011
10.03†	<a href="#">Registrant's Amended and Restated Deferred Compensation Plan effective January 1, 2013.</a>	10-K	10.09	12/31/2012	<a href="#">Registrant's Amended and Restated Deferred Compensation Plan effective January 1, 2013.</a>	10-	10.09	12/31/2012
10.04†	<a href="#">Registrant's Amendment No. 1 to Amended and Restated Stock Option and Restricted Stock Plan.</a>	8-K	4.1	5/15/2013	<a href="#">Registrant's Amendment No. 1 to Amended and Restated Stock Option and Restricted Stock Plan.</a>	8-K	4.1	5/15/2013

10.05†	<a href="#">Registrant's Form of Indemnification Agreement for officers and directors.</a>	8-K	10.1	2/16/2016	<a href="#">Registrant's Form of Indemnification Agreement for officers and directors.</a>	8-K	10.1	2/16/2016
10.06†	<a href="#">Form of Restricted Stock Unit Award Agreement – ROA Performance.</a>	10-Q		3/31/2016	<a href="#">Form of Restricted Stock Unit Award Agreement – ROA Performance.</a>	10-Q		3/31/2016
10.07†	<a href="#">Form of Restricted Stock Unit Award Agreement – Service.</a>	10-Q	10.4	3/31/2016	<a href="#">Form of Restricted Stock Unit Award Agreement – Service.</a>	10-Q	10.4	3/31/2016
10.08†	<a href="#">Registrant's Second Amended and Restated 2015 Incentive Award Plan.</a>	8-K	10.1	5/22/2020	<a href="#">Registrant's Second Amended and Restated 2015 Incentive Award Plan.</a>	8-K	10.1	5/22/2020
10.09†	<a href="#">Amendment No. 1 to Registrant's Directors Equity Plan.</a>	8-K	10.2	5/22/2020	<a href="#">Amendment No. 1 to Registrant's Directors Equity Plan.</a>	8-K	10.2	5/22/2020

10.10	<u>Amended and Restated Credit Agreement dated as of September 3, 2020, among Reliance Steel &amp; Aluminum Co., as Borrower, Bank of America N.A., as the Administrative Agent, JPMorgan Chase Bank, N.A. and Wells Fargo Bank, National Association, as Co-Syndication Agents, PNC Bank, National Association and TD Bank, N.A., as Co-Documentation Agents, and the other lenders party thereto.</u>	8-K	10.1	9/10/2020	<u>Amended and Restated Credit Agreement dated as of September 3, 2020, among Reliance Steel &amp; Aluminum Co., as Borrower, Bank of America N.A., as the Administrative Agent, JPMorgan Chase Bank, N.A. and Wells Fargo Bank, National Association, as Co-Syndication Agents, PNC Bank, National Association and TD Bank, N.A., as Co-Documentation Agents, and the other lenders party thereto.</u>	8-K	10.1	9/10/2020
10.11†	<u>Registrant's First Amendment to Deferred Compensation Plan effective December 22, 2020.</u>	10-K	10.15	12/31/2020	<u>Registrant's First Amendment to Deferred Compensation Plan effective December 22, 2020.</u>	10-	10.15	12/31/2020

10.12*	<u>Amendment No.1 dated as of January 12, 2023 to Amended and Restated Credit Agreement dated as of September 3, 2020, among Reliance Steel &amp; Aluminum Co., as Borrower, Bank of America N.A., as the Administrative Agent, and each of the lenders party thereto.</u>	10-10.12	12/31/2022
10.12	<u>Amendment No.1 dated as of January 12, 2023 to Amended and Restated Credit Agreement dated as of September 3, 2020, among Reliance Steel &amp; Aluminum Co., as Borrower, Bank of America N.A., as the Administrative Agent, and each of the lenders party thereto.</u>	10-10.12	12/31/2022
10.13†	<u>Registrant's Second Amendment to Deferred Compensation Plan (Amended and Restated Effective January 1, 2013) dated as of February 14, 2023.</u>	10-10.1	3/31/2023
21*	<u>Subsidiaries of Registrant.</u>	<u>Subsidiaries of Registrant.</u>	

23*	<u>Consent</u> <u>of</u> <u>Independent</u> <u>Registered</u> <u>Public</u> <u>Accounting</u> <u>Firm—</u> <u>KPMG LLP.</u>	<u>Consent</u> <u>of</u> <u>Independent</u> <u>Registered</u> <u>Public</u> <u>Accounting</u> <u>Firm—</u> <u>KPMG LLP.</u>
24*	<u>Power</u> <u>of</u> <u>Attorney</u> <u>.</u>	<u>Power</u> <u>of</u> <u>Attorney</u> <u>.</u>
31.1*	<u>Certification</u> <u>of</u> <u>Chief</u> <u>Executive</u> <u>Officer</u> <u>pursuant</u> <u>to</u> <u>Rule</u> <u>13a-14(a)</u> <u>and</u> <u>Rule</u> <u>15d-14(a)</u> <u>of</u> <u>the</u> <u>Securities</u> <u>Exchange</u> <u>Act</u> <u>as</u> <u>amended</u> <u>.</u>	<u>Certification</u> <u>of</u> <u>Chief</u> <u>Executive</u> <u>Officer</u> <u>pursuant</u> <u>to</u> <u>Rule</u> <u>13a-14(a)</u> <u>and</u> <u>Rule</u> <u>15d-</u> <u>14(a)</u> <u>of</u> <u>the</u> <u>Securities</u> <u>Exchange</u> <u>Act</u> <u>as</u> <u>amended</u> <u>.</u>
31.2*	<u>Certification</u> <u>of</u> <u>Chief</u> <u>Financial</u> <u>Officer</u> <u>pursuant</u> <u>to</u> <u>Rule</u> <u>13a-14(a)</u> <u>and</u> <u>Rule</u> <u>15d-14(a)</u> <u>of</u> <u>the</u> <u>Securities</u> <u>Exchange</u> <u>Act</u> <u>as</u> <u>amended</u> <u>.</u>	<u>Certification</u> <u>of</u> <u>Chief</u> <u>Financial</u> <u>Officer</u> <u>pursuant</u> <u>to</u> <u>Rule</u> <u>13a-14(a)</u> <u>and</u> <u>Rule</u> <u>15d-</u> <u>14(a)</u> <u>of</u> <u>the</u> <u>Securities</u> <u>Exchange</u> <u>Act</u> <u>as</u> <u>amended</u> <u>.</u>
32**	<u>Certification</u> <u>of</u> <u>Chief</u> <u>Executive</u> <u>Officer</u> <u>and</u> <u>Chief</u> <u>Financial</u> <u>Officer</u> <u>pursuant</u> <u>to</u> <u>18</u> <u>U.S.C.</u> <u>1350</u> <u>,</u> <u>as</u> <u>adopted</u> <u>pursuant</u> <u>to</u> <u>Section</u> <u>906</u> <u>of</u> <u>the</u> <u>Sarbanes-Oxley</u> <u>Act</u> <u>of</u> <u>2002</u> <u>.</u>	<u>Certification</u> <u>of</u> <u>Chief</u> <u>Executive</u> <u>Officer</u> <u>and</u> <u>Chief</u> <u>Financial</u> <u>Officer</u> <u>pursuant</u> <u>to</u> <u>18</u> <u>U.S.C.</u> <u>1350</u> <u>,</u> <u>as</u> <u>adopted</u> <u>pursuant</u> <u>to</u> <u>Section</u> <u>906</u> <u>of</u> <u>the</u> <u>Sarbanes-</u> <u>Oxley</u> <u>Act</u> <u>of</u> <u>2002</u> <u>.</u>
97.1*		<u>Registrant's</u> <u>Amended</u> <u>and</u> <u>Restated</u> <u>Compensation</u> <u>Recovery</u> <u>Policy</u> <u>.</u>

101* The following financial information from Reliance Steel & Aluminum Co.'s Annual Report on Form 10-K for the fiscal year ended December 31, 2022 formatted in iXBRL (Inline eXtensible Business Reporting Language): (i) the Consolidated Balance Sheets, (ii) the Consolidated Statements of Income and Comprehensive Income, (iii) the Consolidated Statements of Equity, (iv) the Consolidated Statements of Cash Flows, and (v) related notes to these consolidated financial statements.	The following financial information from Reliance, Inc.'s Annual Report on Form 10-K for the fiscal year ended December 31, 2023 formatted in iXBRL (Inline eXtensible Business Reporting Language): (i) the Consolidated Balance Sheets, (ii) the Consolidated Statements of Income and Comprehensive Income, (iii) the Consolidated Statements of Equity, (iv) the Consolidated Statements of Cash Flows, and (v) related notes to these consolidated financial statements.
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Exhibit Number	Description	Incorporated by Reference		
		Form	Exhibit	Date

104\* The cover page from the Registrant's Annual Report on Form 10-K for the year ended **December 31, 2022****December 31, 2023**, formatted in Inline XBRL (included in Exhibit 101).

\* Filed herewith.

\*\* Furnished herewith.

† Indicates management contract or compensatory plan or arrangement.

#### Item 16. Form 10-K Summary

None.

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#### SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this Annual Report on Form 10-K to be signed on its behalf by the undersigned, thereunto duly authorized, on **February 28, 2023****February 29, 2024**.

**RELIANCE, STEEL & ALUMINUM CO. INC.**

By: /s/ Arthur Ajemyan  
Arthur Ajemyan  
Senior Vice President and Chief Financial Officer (Principal  
Financial Officer and Principal Accounting Officer)

#### POWER OF ATTORNEY

The officers and directors of Reliance, **Steel & Aluminum Co. Inc.** whose signatures appear below hereby constitute and appoint Karla R. Lewis and Arthur Ajemyan, or any of them, to act severally as attorneys-in-fact and agents, with power of substitution and resubstitution, for each of them in any and all capacities, to sign any amendments to this report and to file the same, with exhibits thereto, and other documents in connection therewith, with the Securities and Exchange Commission, hereby ratifying and confirming all that said attorneys-in-fact, or substitute or substitutes, may do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Exchange Act of 1934, as amended, this report has been signed below by the following persons in the capacities and on the dates indicated.

Signatures	Title	Date
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<u>/s/ Mark V. Kaminski</u>	Mark V. Kaminski	Chairman <b>Chair</b> of the Board; Director	February 28, 2023 29, 2024
<u>/s/ Karla R. Lewis</u>	Karla R. Lewis	President and Chief Executive Officer (Principal Executive Officer); Director	February 28, 2023 29, 2024
<u>/s/ Lisa L. Baldwin</u>	Lisa L. Baldwin	Director	February 28, 2023 29, 2024
<u>/s/ Karen W. Colonias</u>	Karen W. Colonias	Director	February 28, 2023 29, 2024
<u>/s/ Frank J. Dellaquila</u>	Frank J. Dellaquila	Director	February 28, 2023 29, 2024
<u>/s/ John G. Figueroa</u>	John G. Figueroa	Director	February 28, 2023
<u>/s/ James D. Hoffman</u>	James D. Hoffman	Director	February 28, 2023 29, 2024
<u>/s/ Robert A. McEvoy</u>	Robert A. McEvoy	Director	February 28, 2023 29, 2024
<u>/s/ David W. Seeger</u>	David W. Seeger	Director	February 28, 2023 29, 2024
<u>/s/ Douglas W. Stotlar</u>	Douglas W. Stotlar	Director	February 28, 2023 29, 2024

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**Exhibit 10.12**  
**Execution Version**

**AMENDMENT NO. 1 TO AMENDED AND RESTATED CREDIT AGREEMENT**

**THIS AMENDMENT NO. 1 TO AMENDED AND RESTATED CREDIT AGREEMENT** dated as of January 12, 2023 (this "Amendment"), is among **RELIANCE STEEL & ALUMINUM CO.**, a Delaware corporation (the "Borrower"), **BANK OF AMERICA, N.A.**, in its capacity as the administrative agent (in such capacity, the "Administrative Agent"), and each of the Lenders (as defined below) party hereto.

Recitals:

A. The Borrower, the lenders party thereto and the Administrative Agent have entered into a Credit Agreement dated as of September 3, 2020 (the "Existing Credit Agreement"). Capitalized terms used and not otherwise defined herein shall have the meanings ascribed to them in the Credit Agreement (as defined below).

B. The Borrower has advised the Administrative Agent and the Lenders that it desires to amend the Existing Credit Agreement as set forth herein.

C. Subject to the terms and conditions set forth below, the Administrative Agent and the Lenders party hereto have agreed to so amend the Existing Credit Agreement.

In furtherance of the foregoing, the parties agree as follows:

**Section 1. Amendments to Existing Credit Agreement.** Subject to the terms and conditions set forth herein and in reliance upon the representations and warranties set forth herein:

(a) The Existing Credit Agreement (other than the Exhibits and Schedules attached thereto) is hereby amended in its entirety to read in the form of Annex A attached hereto (as so amended, the "Credit Agreement").

(b) Exhibit A (Form of Request for Extension of Credit) attached to the Existing Credit Agreement is hereby amended in its entirety to read in the form of Annex B attached hereto.

The amendments to the Existing Credit Agreement and Exhibit A attached thereto are limited to the extent specifically set forth above and no other terms, covenants or provisions of the Loan Documents are intended to be affected hereby.

**Section 2. Conditions Precedent.** The effectiveness of this Amendment and the amendments and other agreements contemplated hereby is subject to the satisfaction of the following conditions precedent:

(a) Documentation. The Administrative Agent shall have received executed counterparts of this Amendment signed on behalf of the Borrower, the Administrative Agent and all of the Lenders.

Legal Fees and Expenses. Costs and expenses (including Attorney Costs) of Bank of America to the extent invoiced prior to or on the date hereof (plus the duly accrued and invoiced fees and expenses of counsel to Bank of America) shall have been paid.

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**Section 3. Representations and Warranties.** In order to induce the Administrative Agent and the Lenders to enter into this Amendment, the Borrower represents and warrants to the Administrative Agent and the Lenders as follows:

(a) After giving effect to this Amendment, the representations and warranties of the Borrower contained in Section 5 of the Credit Agreement are true and correct in all material respects (without duplication of any materiality standards set forth therein) on and as of the date hereof, except to the extent that such representations and warranties expressly relate solely to an earlier date (in which case such representations and warranties are true and complete on and as of such earlier date).

(b) No Default or Event of Default has occurred and is continuing or will exist after giving effect to this Amendment.

(c) This Amendment has been duly authorized, executed and delivered by the Borrower and constitutes its legal, valid and binding obligation, enforceable against the Borrower in accordance with its terms, except as such enforceability may be limited by bankruptcy, insolvency, reorganization, moratorium or similar state or federal Debtor Relief Laws from time to time in effect which affect the enforcement of creditors' rights in general and the availability of equitable remedies.

**Section 4. Outstanding Loans.** Upon the effectiveness of this Amendment on the date hereof, (a) all Base Rate Loans (as defined in the Existing Credit Agreement) then outstanding under the Existing Credit Agreement shall continue as Base Rate Loans under the Credit Agreement subject to the definition of "Base Rate" as defined in the Credit Agreement and (b) all Swing Line Loans (as defined in the Existing Credit Agreement) then outstanding under the Existing Credit Agreement shall continue as Swing Line Loans under the Credit Agreement subject to the terms thereof. As of the date hereof, there are no Eurocurrency Rate Loans (as defined in the Existing Credit Agreement) outstanding under the Existing Credit Agreement.

**Section 5. Miscellaneous.**

**(a) Ratification and Confirmation of Loan Documents.** The Borrower hereby consents, acknowledges and agrees to the amendments and other agreements set forth herein and hereby confirms and ratifies in all respects the Loan Documents to which it is a party, in each case after giving effect to the amendments and other agreements contemplated hereby. This Amendment is a Loan Document.

**(b) Fees and Expenses.** The Borrower shall pay all reasonable and documented out-of-pocket costs and expenses of the Administrative Agent in connection with the preparation, negotiation, execution, and delivery of this Amendment and any other documents prepared in connection herewith, including, without limitation, the reasonable and documented out-of-pocket fees, disbursements and other charges of counsel for the Administrative Agent, in each case, as set forth in Section 10.4(a) of the Credit Agreement.

**(c) Headings.** Section and subsection headings in this Amendment are included herein for convenience of reference only and shall not constitute a part of this Amendment for any other purpose or be given any substantive effect.

**(d) Governing Law; Jurisdiction; Waiver of Jury Trial; Etc.** This Amendment shall be governed by and construed in accordance with the laws of the State of New York, and shall be further subject to the provisions of Sections 10.14 and 10.15 of the Credit Agreement.

**(e) Counterparts.** This Amendment may be executed in any number of counterparts, each of which when executed and delivered shall be deemed to be an original, and all of which when taken together

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shall constitute one and the same agreement. Delivery of an executed counterpart of a signature page of this Amendment by facsimile or electronic transmission (including .pdf file) shall be effective as delivery of a manually executed counterpart hereof.

**(g) Entire Agreement.** This Amendment, together with the other Loan Documents (collectively, the "Relevant Documents"), sets forth the entire understanding and agreement of the parties hereto in relation to the subject matter hereof and supersedes any prior negotiations and agreements among the parties relating to such subject matter. No promise, condition, representation or warranty, express or implied, not set forth in the Relevant Documents shall bind any party hereto, and no such party has relied on any such promise, condition, representation or warranty. Each of the parties hereto acknowledges that, except as otherwise expressly stated in the Relevant Documents, no representations, warranties or commitments, express or implied, have been made by any party to the other in relation to the subject matter hereof or thereof. None of the terms or conditions of this Amendment may be changed, modified, waived or canceled orally or otherwise except in writing in accordance with Section 10.1 of the Credit Agreement.

**(h) Enforceability.** Should any one or more of the provisions of this Amendment be determined to be illegal or unenforceable as to one or more of the parties hereto, all other provisions nevertheless shall remain effective and binding on the parties hereto.

**(i) Successors and Assigns.** This Amendment shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns (subject to Section 10.6 of the Credit Agreement).

*[Remainder of Page Intentionally Left Blank; Signature Pages Follow]*

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The following parties have caused this Amendment to be executed as of the date first written above.

**BORROWER:**

**RELIANCE STEEL & ALUMINUM CO.**

By: /s/ Arthur Ajemyan

Name: Arthur Ajemyan

Title: Chief Financial Officer

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**ADMINISTRATIVE AGENT:**

**BANK OF AMERICA, N.A.**

as Administrative Agent

By: /s/ Carolyn Sarnecki

Name: Carolyn Sarnecki

Title: Senior Vice President

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**LENDERS:**

**BANK OF AMERICA, N.A., as a Lender**

By: /s/ Carolyn Sarnecki

Name: Carolyn Sarnecki

Title: Senior Vice President

---

**JPMORGAN CHASE BANK, N.A., as a Lender**

By: /s/ Peter S. Predun

Name: Peter S. Predun

Title: Executive Director

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**WELLS FARGO BANK, NATIONAL**

**ASSOCIATION**, as a Lender

By: /s/ Jonathan Berns

Name: Jonathan Berns

Title: Director

---

**PNC BANK, NATIONAL ASSOCIATION**, as a Lender

By: /s/ Joseph McElhinny

Name: Joseph McElhinny

Title: Vice President

---

**TD BANK, N.A.**, as a Lender

By: /s/ Steve Levi

Name: Steve Levi

Title: Senior Vice President

---

**U.S. BANK NATIONAL ASSOCIATION, as a Lender**

By: /s/ Jonathan F. Lindvall

Name: Jonathan F. Lindvall

Title: Senior Vice President

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**BANK OF THE WEST, as a Lender**

By: /s/ Shikha Rehman

Name: Shikha Rehman

Title: Director

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**HSBC BANK USA, NATIONAL ASSOCIATION, as a Lender**

By: /s/ John S. Leiter

Name: John S. Leiter

Title: SVP, Market Head for Arizona, Nevada & New Mexico |  
Corporate Banking

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**KEYBANK NATIONAL ASSOCIATION, as a Lender**

By: /s/ Suzannah Valdivia

Name: Suzannah Valdivia

Title: Senior Vice President

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**TRUIST BANK (formerly known as Branch Banking and Trust Company), as a Lender**

By: /s/ William P. Rutkowski

Name: William P. Rutkowski

Title: Director

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**COMERICA BANK, as a Lender**

By: /s/ Collin Miller

Name: Collin Miller

Title: Relationship Manager

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**ANNEX A**

**CREDIT AGREEMENT**

*[See attached]*

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**ANNEX A**

**Execution Version**

Published Deal CUSIP Number: 759510AR1

USD Revolver CUSIP Number: 759510AS9

MUL Revolver CUSIP Number: 759510AT7

**AMENDED AND RESTATED CREDIT AGREEMENT<sup>1</sup>**

Dated as of September 3, 2020

among

**RELIANCE STEEL & ALUMINUM CO.,**

as Borrower,

**BANK OF AMERICA, N.A.,**

as Administrative Agent, Issuing Lender

and

Swing Line Lender,

**JPMORGAN CHASE BANK, N.A.**

and

**WELLS FARGO BANK, NATIONAL ASSOCIATION,**

as Co-Syndication Agents,

**PNC BANK, NATIONAL ASSOCIATION**

and

**TD BANK, N.A.,**

as Co-Documentation Agents,

and

**THE OTHER FINANCIAL  
INSTITUTIONS PARTY HERETO,**

as Lenders

and

**BofA SECURITIES, INC.,**

**J.P. MORGAN CHASE BANK, N.A.**

and

**WELLS FARGO SECURITIES, LLC**

as Joint Lead Arrangers

and

Joint Bookrunners

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<sup>1</sup> Composite copy of the Credit Agreement incorporating Amendment No. 1 to Credit Agreement dated as of January 12, 2023.

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## EXHIBITS

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## AMENDED AND RESTATED CREDIT AGREEMENT

This **AMENDED AND RESTATED CREDIT AGREEMENT**, dated as of September 3, 2020, is entered into by and among Reliance Steel & Aluminum Co., a Delaware corporation ("**Borrower**"), each lender whose name is set forth on the signature pages of this Agreement and each lender which may hereafter become a party to this Agreement (collectively, "**Lenders**" and individually, a "**Lender**"), and Bank of America, N.A., as Administrative Agent, Issuing Lender and Swing Line Lender.

### PRELIMINARY STATEMENTS:

**WHEREAS**, pursuant to that certain Credit Agreement dated as of September 30, 2016 (as amended, restated, supplemented or otherwise modified from time to time prior to the date hereof, the "Existing Credit Agreement") among Borrower, the lenders party thereto (the "Existing Lenders") and Administrative Agent, the Existing Lenders have made available certain credit facilities to Borrower; and

**WHEREAS**, Borrower has requested that Administrative Agent and the Lenders amend and restate the Existing Credit Agreement, and Administrative Agent and the Lenders have agreed to so amend and restate on the terms and conditions contained herein.

**NOW THEREFORE**, in consideration of the mutual covenants and agreements herein contained, the parties hereto covenant and agree as follows:

### SECTION 1 DEFINITIONS AND ACCOUNTING TERMS

#### 1.1 **Defined Terms.** As used in this Agreement, the following terms shall have the meanings set forth below:

"Accounting Change" has the meaning specified in Section 1.3.

"Acquisition" means any transaction or series of related transactions for the purpose of or resulting, directly or indirectly, in (a) the acquisition of all or substantially all of the assets of a Person (other than a Person that is a Subsidiary) or any business or division of a Person (other than a Person that is a Subsidiary), (b) the acquisition of in excess of 50% of the capital stock, partnership interests, membership interests or equity of any Person, or otherwise causing any Person to become a Subsidiary, or (c) a merger or consolidation or any other combination with another Person (other than a Person that is a Subsidiary) provided that Borrower or one of its Subsidiaries is the surviving entity.

"Additional Commitment Lender" has the meaning specified in Section 2.18(d).

"Administrative Agent" means Bank of America, in its capacity as administrative agent under any of the Loan Documents, or any successor administrative agent.

"Administrative Agent's Office" means, with respect to any currency, Administrative Agent's address and, as appropriate, account as set forth on Schedule 10.2 with respect to such currency, or such other address or account with respect to such currency as Administrative Agent hereafter may designate by written notice to Borrower and Lenders.

"Administrative Questionnaire" means an administrative questionnaire in a form supplied by Administrative Agent.

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**"Affected Financial Institution"** means (a) any EEA Financial Institution or (b) any UK Financial Institution.

**"Affiliate"** means, as to any Person, any other Person which directly or indirectly controls, or is under common control with, or is controlled by, such Person. As used in this definition, "control" (and the correlative terms, "controlled by" and "under common control with") shall mean possession, directly or indirectly, of power to direct or cause the direction of management or policies (whether through ownership of securities or partnership or other ownership interests, by contract or otherwise).

**"Agreed Currency"** means Dollars or any Alternative Currency, as applicable.

**"Aggregate Commitments"** means the Commitments of all the Lenders.

**"Aggregate Revolving Credit (MC) Commitments"** means the Revolving Credit (MC) Commitments of all the Revolving Credit (MC) Lenders.

**"Aggregate Revolving Credit (USD) Commitments"** means the Revolving Credit (USD) Commitments of all the Revolving Credit (USD) Lenders.

**"Agreement"** means this Agreement, as it may from time to time be supplemented, modified, amended, restated or extended.

**"Alternative Currency"** means each of Canadian Dollars, Euro, Sterling and each other currency (other than Dollars) that is approved in accordance with Section 1.9.

**"Alternative Currency Daily Rate"** means, for any day, with respect to any Extension of Credit:

(a) denominated in Sterling, the rate per annum equal to SONIA determined pursuant to the definition thereof plus the SONIA Adjustment; and

(b) denominated in any other Alternative Currency (to the extent such Loans denominated in such currency will bear interest at a daily rate), the daily rate per annum as designated with respect to such Alternative Currency at the time such Alternative Currency is approved by the Administrative Agent and the relevant Lenders pursuant to Section 1.9(a) plus the adjustment (if any) determined pursuant to Section 1.9(a);

provided, that, if any Alternative Currency Daily Rate shall be less than zero, such rate shall be deemed zero for purposes of this Agreement. Any change in an Alternative Currency Daily Rate shall be effective from and including the date of such change without further notice.

**"Alternative Currency Daily Rate Loan"** means a Loan that bears interest at a rate based on the definition of "Alternative Currency Daily Rate." All Alternative Currency Daily Rate Loans must be denominated in an Alternative Currency.

**"Alternative Currency Equivalent"** means, at any time, with respect to any amount denominated in Dollars, the equivalent amount thereof in the applicable Alternative Currency as determined by the Administrative Agent or the Issuing Lender, as the case may be, by reference to Bloomberg (or such other publicly available service for displaying exchange rates), to be the exchange rate for the purchase of such Alternative Currency with Dollars at approximately 11:00 a.m. on the date two (2) Business Days prior to the date as of which the foreign exchange computation is made; provided, however, that if no such rate is available, the "Alternative Currency Equivalent" shall be determined by the Administrative Agent or the

Issuing Lender, as the case may be, using any reasonable method of determination it deems appropriate in its reasonable discretion (and such determination shall be conclusive absent manifest error).

**"Alternative Currency Loan"** means an Alternative Currency Daily Rate Loan or an Alternative Currency Term Rate Loan, as applicable.

**"Alternative Currency Term Rate"** means, for any Interest Period, with respect to any Extension of Credit:

(a) denominated in Euros, the rate per annum equal to the Euro Interbank Offered Rate ("EURIBOR"), as published on the applicable Reuters screen page (or such other commercially available source providing such quotations as may be designated by the Administrative Agent from time to time) on the day that is two TARGET Days preceding the first day of such Interest Period with a term equivalent to such Interest Period;

(b) denominated in Canadian dollars, the rate per annum equal to the Canadian Dollar Offered Rate ("CDOR"), as published on the applicable Reuters screen page (or such other commercially available source providing such quotations as may be designated by the Administrative Agent from time to time) (in such case, the "CDOR Rate") on the Rate Determination Date with a term equivalent to such Interest Period;

(c) denominated in any other Alternative Currency (to the extent such Loans denominated in such currency will bear interest at a term rate), the term rate per annum as designated with respect to such Alternative Currency at the time such Alternative Currency is approved by the Administrative Agent and the relevant Lenders pursuant to Section 1.9(a) plus the adjustment (if any) determined pursuant to Section 1.9(a);

provided, that, if any Alternative Currency Term Rate shall be less than zero, such rate shall be deemed zero for purposes of this Agreement.

**"Alternative Currency Term Rate Loan"** means a Loan that bears interest at a rate based on the definition of "Alternative Currency Term Rate." All Alternative Currency Term Rate Loans must be denominated in an Alternative Currency.

**"Amendment No. 1 Effective Date"** means January 12, 2023.

**"Applicable Anniversary Date"** has the meaning specified in Section 2.18(a).

**"Applicable Authority"** means (a) with respect to SOFR, the SOFR Administrator or any Governmental Authority having jurisdiction over the Administrative Agent or the SOFR Administrator with respect to its publication of SOFR, in each case acting in such capacity and (b) with respect to any Alternative Currency, the applicable administrator for the Relevant Rate for such Alternative Currency or any Governmental Authority having jurisdiction over the Administrative Agent or such administrator with respect to its publication of the applicable Relevant Rate, in each case acting in such capacity.

**"Applicable Margin"** means (a) from the Effective Date until the date that is the first Business Day after Administrative Agent's receipt of the Compliance Certificate required under Section 6.2(a) for the Fiscal Quarter ending September 30, 2020, the applicable per annum amounts set forth below (in basis points per annum) opposite Pricing Level III and (b) thereafter, the applicable per annum amounts set forth below (in basis points per annum) determined by reference to the Total Net Leverage Ratio as set forth in the most recent Compliance Certificate received by Administrative Agent pursuant to Section 6.2(a):

Pricing Level	Total Net Leverage Ratio	Letter of Credit Fee / Term SOFR and Alternative Currency Loans +	Base Rate +	Commitment Fee
I	$\geq 0.40:1.00$	175.0	75.0	25.0
II	$<0.40:1.00$ but $\geq 0.30:1.00$	150.0	50.0	22.5
III	$<0.30:1.00$ but $\geq 0.20:1.00$	125.0	25.0	20.0
IV	$<0.20:1.00$	100.0	0.0	17.5

Any increase or decrease in the Applicable Margin resulting from a change in the Total Net Leverage Ratio shall become effective on the first Business Day after the date a Compliance Certificate is delivered pursuant to [Section 6.2\(a\)](#); provided, however, that if a Compliance Certificate is not delivered when due in accordance with such Section, then, upon the request of the Requisite Lenders, subject to the other provisions of this Agreement, the highest Pricing Level shall apply as of the first Business Day after the date on which such Compliance Certificate was required to have been delivered and in each case shall remain in effect until the date on which such Compliance Certificate is delivered.

**“Applicable Time”** means, with respect to any Borrowings and payments in any Alternative Currency, the local time in the place of settlement for such Alternative Currency as may be determined by Administrative Agent or Issuing Lender, as the case may be, to be necessary for timely settlement on the relevant date in accordance with normal banking procedures in the place of payment.

**“Approved Fund”** has the meaning specified in [Section 10.6\(h\)](#).

**“Arrangers”** means, collectively, each of BofA Securities, Inc., J.P. Morgan Chase Bank, N.A. and Wells Fargo Securities, LLC, in each case in its capacity as joint lead arranger and joint bookrunner.

**“Assignee Group”** means two or more Eligible Assignees that are Affiliates of one another or two or more Approved Funds managed by the same investment advisor.

**“Assignment and Assumption”** means an Assignment and Assumption substantially in the form of [Exhibit D](#) or any other form (including electronic documentation generated by MarkitClear or other electronic platform) approved by the Administrative Agent.

**“Attorney Costs”** means and includes all reasonable, documented and customary fees and disbursements of any law firm or other external counsel.

**“Attributable Indebtedness”** means, on any date, (a) in respect of any Capital Lease of any Person, the capitalized amount thereof that would appear on a balance sheet of such Person prepared as of such date in accordance with GAAP, and (b) in respect of any Synthetic Lease, the capitalized amount of the remaining lease payments under the relevant lease that would appear on a balance sheet of such Person prepared as of such date in accordance with GAAP if such lease were accounted for as a Capital Lease.

**“Auto-Extension Letter of Credit”** has the meaning specified in [Section 2.4\(g\)](#).

**“Availability Period”** means (a) in the case of the Revolving Credit (USD) Facility, the period commencing on the Effective Date and ending on the earliest of (i) the day before the Maturity Date, (ii)

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the date of termination of the Aggregate Revolving Credit (USD) Commitments pursuant to [Section 2.6](#) and (iii) the date on which the commitment of each Lender to make Revolving Credit (USD) Loans and any obligations of the Issuing Lender to make Letter of Credit Extensions are terminated pursuant to [Section 8.2](#) and (b) in the case of the Revolving Credit (MC) Facility, the period commencing on

the Effective Date and ending on the earliest of (i) the day before the Maturity Date, (ii) the date of termination of the Aggregate Revolving Credit (MC) Commitments pursuant to Section 2.6 and (iii) the date on which the commitment of each Lender to make Revolving Credit (MC) Loans is terminated pursuant to Section 8.2.

**Bail-In Action** means the exercise of any Write-Down and Conversion Powers by the applicable Resolution Authority in respect of any liability of an Affected Financial Institution.

**Bail-In Legislation** means, (a) with respect to any EEA Member Country implementing Article 55 of Directive 2014/59/EU of the European Parliament and of the Council of the European Union, the implementing law, rule, regulation or requirement for such EEA Member Country from time to time which is described in the EU Bail-In Legislation Schedule, and (b) with respect to the United Kingdom, Part I of the United Kingdom Banking Act 2009 (as amended from time to time) and any other law, regulation or rule applicable in the United Kingdom relating to the resolution of unsound or failing banks, investment firms or other financial institutions or their affiliates (other than through liquidation, administration or other insolvency proceedings).

**Bank of America** means Bank of America, N.A.

**Bank of America Fee Letter** means the letter agreement dated as of the Effective Date between Borrower and Bank of America.

**Base Rate** means for any day a fluctuating rate of interest per annum equal to the highest of (a) the Federal Funds Rate plus 1/2 of 1%, (b) the rate of interest in effect for such day as publicly announced from time to time by Bank of America as its "prime rate", (c) Term SOFR plus 1.10% and (d) 1.00%. The "prime rate" is a rate set by Bank of America based upon various factors including Bank of America's costs and desired return, general economic conditions and other factors, and is used as a reference point for pricing some loans, which may be priced at, above or below such announced rate. Any change in such prime rate announced by Bank of America shall take effect at the opening of business on the day specified in the public announcement of such change. If the Base Rate is being used as an alternate rate of interest pursuant to Section 3.3 hereof, then the Base Rate shall be the greater of clauses (a), (b) and (d) above and shall be determined without reference to clause (c) above.

**Base Rate Loan** means a Loan which bears interest based on the Base Rate. All Base Rate Loans shall be denominated in Dollars.

**Beneficial Ownership Certification** means a certification regarding beneficial ownership required by the Beneficial Ownership Regulation.

**Beneficial Ownership Regulation** means 31 C.F.R. § 1010.230.

**Benefit Plan** means any of (a) an "employee benefit plan" (as defined in ERISA) that is subject to Title I of ERISA, (b) a "plan" as defined in and subject to Section 4975 of the Code or (c) any Person whose assets include (for purposes of ERISA Section 3(42) or otherwise for purposes of Title I of ERISA or Section 4975 of the Code) the assets of any such "employee benefit plan" or "plan".

**Borrower** has the meaning set forth in the introductory paragraph hereto.

**Borrower Account** shall have the meaning specified in Section 2.12.

**Borrower Materials** has the meaning specified in Section 6.2.

**Borrowing** means a Revolving Credit (USD) Borrowing, a Revolving Credit (MC) Borrowing or a Swing Line Borrowing, as the context may require.

**"Business Day"** means any day other than a Saturday, Sunday or other day on which commercial banks are authorized to close under the Laws of, or are in fact closed in, the state where the Administrative Agent's Office is located; provided that:

- (a) if such day relates to any interest rate settings as to an Alternative Currency Loan denominated in Euro, any fundings, disbursements, settlements and payments in Euro in respect of any such Alternative Currency Loan, or any other dealings in Euro to be carried out pursuant to this Agreement in respect of any such Alternative Currency Loan, means a Business Day that is also a TARGET Day;
- (b) if such day relates to any interest rate settings as to an Alternative Currency Loan denominated in Sterling, means a day other than a day banks are closed for general business in London because such day is a Saturday, Sunday or a legal holiday under the laws of the United Kingdom;
- (c) if such day relates to any interest rate settings as to an Alternative Currency Loan denominated in a currency other than Euro or Sterling, means any such day on which dealings in deposits in the relevant currency are conducted by and between banks in the applicable offshore interbank market for such currency; and
- (d) if such day relates to any fundings, disbursements, settlements and payments in a currency other than Euro in respect of an Alternative Currency Loan denominated in a currency other than Euro, or any other dealings in any currency other than Euro to be carried out pursuant to this Agreement in respect of any such Alternative Currency Loan (other than any interest rate settings), means any such day on which banks are open for foreign exchange business in the principal financial center of the country of such currency.

**"Canadian Dollars"** means the lawful currency of Canada.

**"Capital Lease"** means any lease that has been or is required to be, in accordance with GAAP, recorded, classified and accounted for as a capitalized lease or finance lease.

**"Capital Lease Obligations"** means all monetary obligations of a Person under any leasing or similar arrangement which, in accordance with GAAP, is classified as a Capital Lease.

**"Cash"** means, when used in connection with any Person, all monetary and non-monetary items owned by that Person that are treated as cash or cash equivalents in accordance with GAAP, consistently applied.

**"Cash Collateralize"** means to pledge and deposit with or deliver to Administrative Agent, for the benefit of the Issuing Lender and Lenders, as collateral for the Letter of Credit Usage or obligations of the Lenders to fund participations in respect thereof, cash or deposit account balances or, if the Administrative Agent and the Issuing Lender shall agree in their sole discretion, other credit support, in each case pursuant to documentation in form and substance satisfactory to Administrative Agent and the Issuing Lender (which

documents are hereby consented to by Lenders). Derivatives of such term shall have corresponding meaning.

**"Cash Management Agreement"** means any agreement that is not prohibited by the terms hereof to provide cash management services, including treasury, depository, overdraft, credit or debit card, electronic funds transfer and other cash management arrangements.

**"CDOR"** has the meaning specified in the definition of "Alternative Currency Term Rate".

**"CDOR Rate"** has the meaning specified in the definition of "Alternative Currency Term Rate".

**"Change in Law"** means the occurrence, after the date of this Agreement, of any of the following: (a) the adoption or taking effect of any law, rule, regulation or treaty, (b) any change in any law, rule, regulation or treaty or in the administration, interpretation, implementation or application thereof by any Governmental Authority or (c) the making or issuance of any request, rule, guideline or directive (whether or not having the force of law) by any Governmental Authority; provided that notwithstanding anything herein to the contrary, (x) the Dodd-Frank Wall Street Reform and Consumer Protection Act and all requests, rules, guidelines or directives thereunder or issued in connection therewith and (y) all requests, rules, guidelines or directives promulgated by the Bank for International Settlements, the Basel Committee on Banking Supervision (or any successor or similar authority) or the United States or foreign regulatory authorities, in each case pursuant to Basel III, shall in each case be deemed to be a "Change in Law", regardless of the date enacted, adopted or issued.

**"Change of Control"** means, with respect to any Person, an event or series of events by which:

- (a) any "person" or "group" (as such terms are used in Sections 13(d) and 14(d) of the Securities Exchange Act of 1934, but excluding any employee benefit plan of such person or its subsidiaries, and any person or entity acting in its capacity as trustee, agent or other fiduciary or administrator of any such plan) becomes the "beneficial owner" (as defined in Rules 13d-3 and 13d-5 under the Securities Exchange Act of 1934), directly or indirectly, of 40% or more of the equity securities of such Person entitled to vote for members of the board of directors or equivalent governing body of such Person on a partially-diluted basis (i.e., taking into account all such securities that such person or group has the right to acquire pursuant to any option right); or
- (b) during any period of 12 consecutive months, a majority of the members of the board of directors or other equivalent governing body of such Person cease to be composed of individuals (i) who were members of that board or equivalent governing body on the first day of such period, (ii) whose election or nomination to that board or equivalent governing body was approved by individuals referred to in clause (i) above constituting at the time of such election or nomination at least a majority of that board or equivalent governing body or (iii) whose election or nomination to that board or other equivalent governing body was approved by individuals referred to in clauses (i) and (ii) above constituting at the time of such election or nomination at least a majority of that board or equivalent governing body.

**"CME"** means CME Group Benchmark Administration Limited.

**"Code"** means the Internal Revenue Code of 1986, as amended or replaced and as in effect from time to time.

**"Commitment"** means a Revolving Credit (USD) Commitment or a Revolving Credit (MC) Commitment, as the context may require.

**"Commodity Exchange Act"** means the Commodity Exchange Act (7 U.S.C. § 1 et seq.), as amended from time to time, and any successor statute.

**"Communication"** means this Agreement, any Loan Document and any document, amendment, approval, consent, information, notice, certificate, request, statement, disclosure or authorization related to any Loan Document.

**"Compliance Certificate"** means a certificate in the form of Exhibit B, properly completed and signed by a Responsible Officer of Borrower.

**"Conforming Changes"** means, with respect to the use, administration of or any conventions associated with SOFR, Term SOFR, SONIA or any proposed Successor Rate for an Agreed Currency, as applicable, any conforming changes to the definitions of "Base Rate", "SOFR", "Term SOFR", "SONIA", and "Interest Period", timing and frequency of determining rates and making payments of interest and other technical, administrative or operational matters (including, for the avoidance of doubt, the definitions of "Business Day" and "U.S. Government Securities Business Day", timing of borrowing requests or prepayment, conversion or continuation notices

and length of lookback periods) as may be appropriate, in the reasonable discretion of the Administrative Agent and in consultation with the Borrower, to reflect the adoption and implementation of such applicable rate(s) and to permit the administration thereof by the Administrative Agent in a manner substantially consistent with market practice for such Agreed Currency (or, if the Administrative Agent determines that adoption of any portion of such market practice is not administratively feasible or that no market practice for the administration of such rate for such Agreed Currency exists, in such other manner of administration as the Administrative Agent (in consultation with the Borrower) determines is reasonably necessary in connection with the administration of this Agreement and any other Loan Document).

**“Connection Income Taxes”** means Other Connection Taxes that are imposed on or measured by net income (however denominated) or that are franchise Taxes or branch profits Taxes.

**“Consolidated Net Tangible Assets”** means, as of the time of determination, the aggregate amount of the assets of Borrower and its consolidated Subsidiaries after deducting (a) all goodwill, trade names, trademarks, service marks, patents, unamortized debt discount and expense and other Intangible Assets and (b) all current liabilities (other than the current portion of any long term debt and the current maturities of operating lease liabilities), as reflected on Borrower’s most recent consolidated balance sheet prepared by Borrower in accordance with GAAP contained in an annual report on Form 10-K or a quarterly report on Form 10-Q timely filed or any amendment thereto (and not subsequently disclaimed as being unreliable by Borrower) pursuant to the Securities Exchange Act of 1934 by Borrower prior to the time as of which Consolidated Net Tangible Assets is being determined.

**“Continuation”** and **“Continue”** each mean, with respect to any Loan other than a Base Rate Loan, the continuation of such Loan as the same type of Loan in the same principal amount, but with a new Interest Period and an interest rate determined as of the first day of such new Interest Period. Continuations must occur, if at all, on the last day of the Interest Period for such Loan.

**“Contractual Obligation”** means, as to any Person, any provision of any outstanding security issued by that Person or of any material agreement, instrument or undertaking to which that Person is a party or by which it or any of its Property is bound.

**“Conversion” and “Convert”** each mean, with respect to any Revolving Credit (USD) Loan or Revolving Credit (MC) Loan, the conversion of one type of Loan into another type of Loan. With respect

to Term SOFR Loans and Alternative Currency Term Rate Loans, Conversions must occur on the last day of the Interest Period for such Loan in order to avoid potential break-funding costs pursuant to Section 3.5.

**“Covered Entity”** has the meaning specified in Section 10.22(b).

**“Customer Finance Program”** means a supply chain financing or similar program established by a customer of the Borrower or any Subsidiary pursuant to which the Borrower or one of its Subsidiaries may sell, assign or transfer receivables in connection with such a financing program owing by such customer to the Borrower or any Subsidiary.

**“Daily Simple SOFR”** with respect to any applicable determination date means the SOFR published on such date on the Federal Reserve Bank of New York’s website (or any successor source).

**“Debtor Relief Laws”** means the Bankruptcy Code of the United States of America, as amended from time to time, and all other applicable liquidation, conservatorship, bankruptcy, assignment for the benefit of creditors, moratorium, rearrangement, receivership, insolvency, reorganization, or similar debtor relief Laws of the United States or other applicable jurisdictions from time to time in effect and affecting the rights of creditors generally.

**“Default”** means any event that, with the giving of any applicable notice or passage of time specified in Section 8.1, or both, would, unless cured or waived, be an Event of Default.

**"Default Rate"** means (a) when used with respect to Obligations other than Letter of Credit Fees, an interest rate equal to the Base Rate plus the Applicable Margin, if any, applicable to Base Rate Loans plus 2%; provided, however, that with respect to a Term SOFR Loan or an Alternative Currency Loan, the Default Rate shall be an interest rate equal to the interest rate (including any Applicable Margin) otherwise applicable to such Loan plus 2%, and (b) when used with respect to Letter of Credit Fees, a rate equal to the Applicable Margin plus 2%, in each case to the fullest extent permitted by applicable Laws.

**"Defaulting Lender"** means, subject to Section 2.16(b), any Lender that, (a) has failed to (i) fund all or any portion of its Loans within two Business Days of the date required to be funded by it hereunder, unless such Lender notifies the Administrative Agent and Borrower in writing that such failure is the result of such Lender's good faith determination that one or more conditions precedent to funding (each of which conditions precedent, together with any applicable default, shall be specifically identified in such writing) has not been satisfied, or (ii) pay to the Administrative Agent, the Issuing Lender, the Swing Line Lender or any other Lender any other amount required to be paid by it hereunder (including, in the case of any Revolving Credit (USD) Lender, in respect of its participation in Letters of Credit or Swing Line Loans) within three Business Days of the date when due, (b) has notified Borrower, the Administrative Agent, the Issuing Lender or the Swing Line Lender in writing that it does not intend to comply with its funding obligations hereunder, or has made a public statement to that effect (unless such writing or public statement relates to such Lender's obligation to fund a Loan hereunder and states that such position is based on such Lender's determination that a condition precedent to funding (which condition precedent, together with any applicable default, shall be specifically identified in such writing or public statement) cannot be satisfied), (c) has failed, within three Business Days after request by the Administrative Agent, to confirm in a manner satisfactory to the Administrative Agent that it will comply with its prospective funding obligations hereunder (provided that such Lender shall cease to be a Defaulting Lender pursuant to this clause (c) upon receipt of such written confirmation by the Administrative Agent) or (d) has, or has a direct or indirect parent company that has, (i) become the subject of a proceeding under any Debtor Relief Law, (ii) had appointed for it a receiver, custodian, conservator, trustee, administrator, assignee for the benefit of creditors or similar Person charged with reorganization or liquidation of its business or assets, including the Federal Deposit Insurance Corporation or any other state or federal

regulatory authority acting in such a capacity, or (iii) become the subject of a Bail-In Action; provided that a Lender shall not be a Defaulting Lender solely by virtue of the ownership or acquisition of any equity interest in that Lender or any direct or indirect parent company thereof by a Governmental Authority so long as such ownership interest does not result in or provide such Lender with immunity from the jurisdiction of courts within the United States or from the enforcement of judgments or writs of attachment on its assets or permit such Lender (or such Governmental Authority) to reject, repudiate, disavow or disaffirm any contracts or agreements made with such Lender. Any determination by the Administrative Agent that a Lender is a Defaulting Lender under any one or more clauses (a) through (d) above, and of the effective date of such status, shall be conclusive and binding absent manifest error, and such Lender shall be deemed to be a Defaulting Lender (subject to Section 2.16(b) as of the date established therefor by the Administrative Agent in a written notice of such determination, which shall be delivered by the Administrative Agent to Borrower, the Issuing Lender, the Swing Line Lender and each Lender promptly following such determination).

**"Designated Jurisdiction"** means any country or territory to the extent that such country or territory itself is the subject of any Sanction.

**"Disposition"** means the voluntary sale, transfer, or other disposition of any asset of Borrower or any of its Subsidiaries, including without limitation any sale, assignment, pledge, hypothecation, transfer or other disposal with or without recourse of any notes or accounts receivable or any rights and claims associated therewith.

**"Distribution"** means, with respect to any shares of capital stock or any warrant or option to purchase an equity security or other equity security issued by a Person, (a) the retirement, redemption, purchase, or other acquisition for Cash or for Property by such Person of any such security, (b) the declaration or (without duplication) payment by such Person of any dividend in Cash or in Property on or with respect to any such security, (c) any Investment by such Person in the holder of 5% or more of any such security if a purpose

of such Investment is to avoid characterization of the transaction as a Distribution and (d) any other payment in Cash or Property by such Person constituting a distribution under applicable Laws with respect to such security.

**Dollars** or **\$** means United States Dollars.

**Dollar Equivalent** means, for any amount, at the time of determination thereof, (a) if such amount is expressed in Dollars, such amount, (b) if such amount is expressed in an Alternative Currency, the equivalent of such amount in Dollars determined by using the rate of exchange for the purchase of Dollars with the Alternative Currency last provided (either by publication or otherwise provided to the Administrative Agent or the Issuing Lender, as applicable) by the applicable Bloomberg source (or such other publicly available source for displaying exchange rates) on date that is two (2) Business Days immediately preceding the date of determination (or if such service ceases to be available or ceases to provide such rate of exchange, the equivalent of such amount in Dollars as determined by the Administrative Agent or the Issuing Lender, as applicable using any method of determination it deems appropriate in its sole discretion) and (c) if such amount is denominated in any other currency, the equivalent of such amount in Dollars as determined by the Administrative Agent or the Issuing Lender, as applicable, using any method of determination it deems appropriate in its reasonable discretion. Any determination by the Administrative Agent or the Issuing Lender pursuant to clauses (b) or (c) above shall be conclusive absent manifest error.

**Domestic Subsidiary** means any Subsidiary that is organized under the laws of any political subdivision of the United States.

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**EBIT** means, for any period for Borrower and its Subsidiaries on a consolidated basis, the sum of the following without duplication and in accordance with GAAP: (a) Net Income of Borrower and its Subsidiaries for such period, plus (b) the sum of the following, without duplication, to the extent deducted in determining Net Income for such period: (i) any unusual or non-recurring losses, (ii) Interest Expense, (iii) the aggregate amount income tax expense of Borrower and its Subsidiaries for the applicable period (whether or not payable during that period), (iv) non-recurring expenses which do not represent a cash item in such period or any future period or prior period (excluding depreciation and amortization), (v) any foreign currency translation losses, (vi) all reasonable and out-of-pocket fees and expenses incurred in connection with the closing of any permitted Acquisitions, financings or other Investments during such period and (vii) any non-cash stock based compensation expenses, less (c) the sum of the following, without duplication, to the extent included in determining Net Income for such period: (i) any unusual or non-recurring gains, and (ii) any foreign currency translation gains.

**EEA Financial Institution** means (a) any credit institution or investment firm established in any EEA Member Country which is subject to the supervision of an EEA Resolution Authority, (b) any entity established in an EEA Member Country which is a parent of an institution described in clause (a) of this definition, or (c) any financial institution established in an EEA Member Country which is a subsidiary of an institution described in clauses (a) or (b) of this definition and is subject to consolidated supervision with its parent.

**EEA Member Country** means any of the member states of the European Union, Iceland, Liechtenstein, and Norway.

**EEA Resolution Authority** means any public administrative authority or any person entrusted with public administrative authority of any EEA Member Country (including any delegatee) having responsibility for the resolution of any EEA Financial Institution.

**Effective Date** means the time and Business Day on which the conditions set forth in Section 4.1 are satisfied or waived. Administrative Agent shall notify Borrower and Lenders of the date that is the Effective Date.

**Electronic Copy** shall have the meaning specified in Section 10.18.

**Electronic Record** and **Electronic Signature** shall have the meanings assigned to them, respectively, by 15 USC §7006, as it may be amended from time to time.

**"Eligible Assignee"** has the meaning specified in Section 10.6(h).

**"Eligible Currency"** means any lawful currency other than Dollars that is readily available, freely transferable and convertible into Dollars in the international interbank market available to the Lenders or the Issuing Lender, as applicable, in such market and as to which a Dollar Equivalent may be readily calculated. If, after the designation by the Lenders or the Issuing Lender, as applicable, of any currency as an Alternative Currency (or if, with respect to any currency that constitutes an Alternative Currency on the Closing Date, after the Closing Date), any change in currency controls or exchange regulations or any change in the national or international financial, political or economic conditions are imposed in the country in which such currency is issued, result in, in the reasonable opinion of the Administrative Agent (in the case of any Alternative Currency Loans) or the Issuing Lender (in the case of any Letter of Credit to be denominated in an Alternative Currency), (a) such currency no longer being readily available, freely transferable and convertible into Dollars, (b) a Dollar Equivalent is no longer readily calculable with respect to such currency, (c) providing such currency is impracticable for the Lenders or the Issuing Lender, as applicable, or (d) no longer a currency in which the Requisite Lenders are willing to make such Extensions

of Credit (each of clauses (a), (b), (c), and (d) a "Disqualifying Event"), then the Administrative Agent shall promptly notify the Lenders and the Borrower, and such country's currency shall no longer be an Alternative Currency until such time as the Disqualifying Event(s) no longer exist(s). Within fifteen (15) Business Days after receipt of such notice from the Administrative Agent, the Borrower shall repay all Loans in such currency to which the Disqualifying Event applies or convert such Loans into the Dollar Equivalent of Loans in Dollars, subject to the other terms contained herein.

**"EMJ"** means Earle M. Jorgensen Company, a Delaware corporation.

**"EMJ COLI"** means those certain life insurance policies obtained in 1984, 1985 and 1986 by Kilsby-Roberts Holding Co. ("KR") from Phoenix Mutual Life Insurance Company covering participants in the KR employee stock ownership plan and certain other KR executives owned by EMJ, each of which policies has EMJ as its sole beneficiary.

**"Environmental Laws"** means all federal, state or local laws, statutes, common law duties, rules, regulations, ordinances and codes, together with all administrative orders, directed duties, requests, licenses, authorizations and permits of, and agreements with, any Governmental Authorities, in each case relating to environmental, health, safety and land use matters applicable to any of the Real Property.

**"Environmental Liability"** means any liability, contingent or otherwise (including any liability for damages, costs of environmental remediation, fines, penalties or indemnities), of Borrower or any of its Subsidiaries directly or indirectly resulting from or based upon (a) violation of any Environmental Law, (b) the generation, use, handling, transportation, storage, treatment or disposal of any Hazardous Materials, (c) exposure to any Hazardous Materials, (d) the release or threatened release of any Hazardous Materials into the environment or (e) any contract, agreement or other consensual arrangement pursuant to which liability is assumed or imposed with respect to any of the foregoing.

**"ERISA"** means the Employee Retirement Income Security Act of 1974, and any regulations issued pursuant thereto, as amended or replaced and as in effect from time to time.

**"ERISA Affiliate"** means any trade or business (whether or not incorporated) under common control with Borrower within the meaning of Section 414(b) or (c) of the Code (and Sections 414(m) and (o) of the Code for purposes of provisions relating to Section 412 of the Code).

**"ERISA Event"** means (a) a Reportable Event with respect to a Pension Plan; (b) a withdrawal by Borrower or any ERISA Affiliate from a Pension Plan subject to Section 4063 of ERISA during a plan year in which it was a substantial employer (as defined in

Section 4001(a)(2) of ERISA) or a cessation of operations which is treated as such a withdrawal under Section 4062(e) of ERISA; (c) a complete or partial withdrawal by Borrower or any ERISA Affiliate from a Multiemployer Plan or notification that a Multiemployer Plan is in reorganization; (d) the filing of a notice of intent to terminate, the treatment of a Pension Plan or Multiemployer Plan amendment as a termination under Section 4041 or 4041A of ERISA, or the commencement of proceedings by the PBGC to terminate a Pension Plan or Multiemployer Plan; (e) an event or condition which might reasonably be expected to constitute grounds under Section 4042 of ERISA for the termination of, or the appointment of a trustee to administer, any Pension Plan or Multiemployer Plan; or (f) the imposition of any liability under Title IV of ERISA, other than PBGC premiums due but not delinquent under Section 4007 of ERISA, upon Borrower or any ERISA Affiliate.

**"EU Bail-In Legislation Schedule"** means the EU Bail-In Legislation Schedule published by the Loan Market Association (or any successor person), as in effect from time to time.

**"EURIBOR"** has the meaning specified in the definition of "Alternative Currency Term Rate".

**"Euro"** and **"€"** mean the single currency of the Participating Member States.

**"Event of Default"** has the meaning specified in Section 8.1.

**"Excluded Taxes"** means any of the following Taxes imposed on or with respect to any Recipient or required to be withheld or deducted from a payment to a Recipient, (a) Taxes imposed on or measured by net income (however denominated), franchise Taxes, and branch profits Taxes, in each case, (i) imposed as a result of such Recipient being organized under the laws of, or having its principal office or, in the case of any Lender, its Lending Office located in, the jurisdiction imposing such Tax (or any political subdivision thereof) or (ii) that are Other Connection Taxes, (b) in the case of a Lender, U.S. federal withholding Taxes imposed on amounts payable to or for the account of such Lender with respect to an applicable interest in a Loan or Commitment pursuant to a law in effect on the date on which (i) such Lender acquires such interest in the Loan or Commitment (other than pursuant to an assignment request by Borrower under Section 10.13) or (ii) such Lender changes its Lending Office, except in each case to the extent that, pursuant to Section 3.1(a)(ii), (a)(iii) or (c), amounts with respect to such Taxes were payable either to such Lender's assignor immediately before such Lender became a party hereto or to such Lender immediately before it changed its Lending Office, (c) Taxes attributable to such Recipient's failure to comply with Section 3.1(e) and (d) any U.S. federal withholding Taxes imposed pursuant to FATCA.

**"Existing Letters of Credit"** has the meaning specified in Section 2.4(o).

**"Existing Maturity Date"** has the meaning specified in Section 2.18(a).

**"Extension of Credit"** means (a) the Borrowing of any Loans, (b) the Conversion or Continuation of any Loans or (c) the issuance, renewal, increase continuation, amendment or other credit action with respect to any Letter of Credit, including Lenders acquiring a participation in such Letters of Credit.

**"Extending Lender"** has the meaning specified in Section 2.18(e).

**"Facility"** means the Revolving Credit (USD) Facility or the Revolving Credit (MC) Facility, as the context may require.

**"FASB ASC"** means the Accounting Standards Codification of the Financial Accounting Standards Board.

**"FATCA"** means Sections 1471 through 1474 of the Code, as of the date of this Agreement (or any amended or successor version that is substantively comparable and not materially more onerous to comply with) and any current or future regulations or official interpretations thereof and any agreements entered into pursuant to Section 1471(b)(1) of the Code.

**"Federal Funds Rate"** means, for any day, the rate per annum calculated by the Federal Reserve Bank of New York based on such day's federal funds transactions by depository institutions (as determined in such manner as the Federal Reserve Bank of New York shall set forth on its public website from time to time) and published on the next succeeding Business Day by the Federal Reserve Bank of New York as the federal funds effective rate; provided that if the Federal Funds Rate as so determined would be less than zero, such rate shall be deemed to be zero for purposes of this Agreement.

**"Fee Letters"** means, collectively, the fee letters entered into between Borrower and one or more of the Arrangers and Bank of America with respect to fees payable under this Agreement (including, without limitation, the Bank of America Fee Letter).

**"Fiscal Quarter"** means the fiscal quarter of Borrower consisting of a three-month fiscal period ending on each March 31, June 30, September 30 and December 31.

**"Fiscal Year"** means the fiscal year of Borrower consisting of a twelve-month period ending on each December 31.

**"Foreign Lender"** means (a) if Borrower is a U.S. Person, a Lender that is not a U.S. Person, and (b) if Borrower is not a U.S. Person, a Lender that is resident or organized under the laws of a jurisdiction other than that in which Borrower is resident for tax purposes. For purposes of this definition, the United States, each State thereof and the District of Columbia shall be deemed to constitute a single jurisdiction.

**"Foreign Subsidiary"** means, at any time, each Subsidiary of Borrower which is created, organized or domesticated in any jurisdiction other than the United States or any state thereof.

**"FRB"** means the Board of Governors of the Federal Reserve System or any Governmental Authority succeeding to its functions.

**"Fronting Exposure"** means, at any time there is a Defaulting Lender that is a Revolving Credit (USD) Lender, (a) with respect to the Issuing Lender, such Defaulting Lender's Pro Rata Share of the outstanding Letter of Credit Usage other than Letter of Credit Usage as to which such Defaulting Lender's participation obligation has been reallocated to other Revolving Credit (USD) Lenders or Cash Collateralized in accordance with the terms hereof, and (b) with respect to the Swing Line Lender, such Defaulting Lender's Pro Rata Share of Swing Line Loans other than Swing Line Loans as to which such Defaulting Lender's participation obligation has been reallocated to other Revolving Credit (USD) Lenders in accordance with the terms hereof.

**"Fund"** has the meaning specified in Section 10.6(h).

**"Funded Debt"** means, as of the date of determination, without duplication, the sum of (a) all principal Indebtedness of Borrower and its Subsidiaries for borrowed money (including debt securities issued by Borrower or any of its Subsidiaries) on that date plus (b) Guaranty Obligations in connection with Synthetic Leases, plus (c) the aggregate amount of all Capital Lease Obligations of Borrower and its Subsidiaries on that date, plus (d) all Letter of Credit Usage and the face amount of, and reimbursement obligations with respect to, any other letters of credit issued for the account of Borrower and its Subsidiaries, but excluding (i) accounts payable incurred in the ordinary course of business and (ii) Indebtedness of any Subsidiary to the Borrower or any other Subsidiary, or Indebtedness of the Borrower to any Subsidiary.

**"GAAP"** means generally accepted accounting principles in the United States of America set forth in the opinions and pronouncements of the Accounting Principles Board and the American Institute of Certified Public Accountants and statements and pronouncements of the Financial Accounting Standards Board or such other principles as may be approved by a significant segment of the accounting profession in the United States, that are applicable to the circumstances as of the date of determination, consistently applied.

**"Governmental Authority"** means any nation or government, any state or other political subdivision thereof, any agency, authority, instrumentality, regulatory body, court, administrative tribunal, central bank or other entity exercising executive, legislative, judicial, taxing, regulatory or administrative powers or functions of or pertaining to government, and any corporation or other entity owned or controlled, through stock or capital ownership or otherwise, by any of the foregoing (including any supra-national bodies, such as the European Union or the European Central Bank and including any group or body charged with setting financial accounting or regulatory capital rules or standards (including the Financial

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Accounting Standards Board, the Bank for International Settlements or the Basel Committee on Banking Supervision or any successor or similar authority to any of the foregoing).

**"Granting Lender"** has the meaning specified in [Section 10.6\(i\)](#).

**"Guaranty Obligation"** means, as to any Person, any obligation, contingent or otherwise, guaranteeing or having the economic effect of guaranteeing any Indebtedness of any other Person (the **"primary obligor"**) in any manner whether directly or indirectly, and including any obligation of the guarantor, direct or indirect, (a) to purchase or pay (or advance or supply funds for the purchase or payment of) such Indebtedness or to purchase (or to advance or supply funds for the purchase of) any security for the payment thereof, (b) to purchase or lease property, securities or services for the purpose of assuring the owner of such Indebtedness of the payment thereof, (c) to maintain working capital, equity capital or any other financial statement condition or liquidity of the primary obligor so as to enable the primary obligor to pay such Indebtedness or (d) as an account party in respect of any letter of credit or letter of guaranty issued to support such Indebtedness; provided that the term Guaranty Obligation shall not include endorsements of instruments for deposit or collection in the ordinary course of business. The amount of any Guaranty Obligation shall be deemed to be the lower of (i) an amount equal to the stated or determinable amount of the related primary obligation, or portion thereof, covered by such Guaranty Obligation, and (ii) the maximum amount for which such Person may be liable pursuant to the instrument embodying such Guaranty Obligation, unless such primary obligation and the maximum amount for which such Person may be liable are not stated or determinable, in which case the amount of such Guaranty Obligation shall be such Person's maximum reasonably anticipated liability in respect thereof as determined by the Person in good faith. Notwithstanding the foregoing definition, the term "Guaranty Obligation" shall not include any direct or indirect obligation of a Person as a general partner of a general partnership or a joint venturer of a joint venture in respect of Indebtedness of such general partnership or joint venture, to the extent such Indebtedness is contractually non-recourse to the assets of such Person as a general partner or joint venturer (other than assets comprising the capital of such general partnership or joint venture).

**"Hazardous Materials"** means all explosive or radioactive substances or wastes and all hazardous or toxic substances, wastes or other pollutants, including petroleum or petroleum distillates, asbestos or asbestos-containing materials, polychlorinated biphenyls, radon gas, infectious or medical wastes and all other substances or wastes of any nature regulated pursuant to any Environmental Law.

**"Hostile Acquisition"** means the acquisition of the capital stock or other equity interests of a Person through a tender offer or similar solicitation of the owners of such capital stock or other equity interests which has not been approved (which approval shall be obtained prior to such acquisition) by resolutions of the board of directors of such Person or by similar action if such Person is not a corporation; except that with respect to any acquisition of a non-U.S. Person, an otherwise friendly acquisition shall not be deemed to be unfriendly solely as a result of such approval not being obtained from to the first public announcement of an offer relating to a friendly acquisition if it is not customary in such jurisdiction to obtain such approval prior thereto.

**"IFRS"** has the meaning specified in [Section 1.3](#).

**"Indebtedness"** means, as to any Person (without duplication):

(a) all obligations of such Person for borrowed money and all obligations of such Person evidenced by bonds, debentures, notes or other similar instruments;

(b) any direct or contingent obligations of such Person arising under letters of credit (including standby and commercial), bankers' acceptances, bank guaranties, shipside bonds, surety bonds and similar instruments;

(c) all obligations of such Person as lessee under leases which have been or should be, in accordance with GAAP, recorded as Capital Lease Obligations;

(d) net obligations under any Swap Contract in an amount equal to (i) if such Swap Contract has been closed out, the termination value thereof, or (ii) if such Swap Contract has not been closed out, the mark-to-market value thereof determined on the basis of readily available quotations provided by any recognized dealer in such Swap Contracts;

(e) whether or not so included as liabilities in accordance with GAAP, all obligations of such Person to pay the deferred purchase price of property or services, and indebtedness (excluding prepaid interest thereon) secured by a Lien on property owned or being purchased by such Person (including indebtedness arising under conditional sales or other title retention agreements), whether or not such indebtedness shall have been assumed by such Person or is limited in recourse;

(f) indebtedness of such Person arising under facilities for the discount of accounts receivable of such Person in an amount equal to the present value of the unpaid amount of all accounts receivable sold, determined by using a discount rate equal to the discount rate used in determining the purchase price of such accounts receivable under such facilities;

(g) indebtedness relating to Synthetic Leases; and

(h) all Guaranty Obligations of such Person in respect of any of the foregoing.

For all purposes hereof, the Indebtedness of any Person shall include the Indebtedness of any partnership or joint venture (other than a joint venture that is itself a corporation or limited liability company) in which such Person is a general partner or a joint venturer, unless such Indebtedness is expressly made non-recourse to such Person (subject only to customary exceptions acceptable to the Requisite Lenders). The amount of any Capital Lease Obligation or Synthetic Lease as of any date shall be deemed to be the amount of Attributable Indebtedness in respect thereof as of such date. Notwithstanding the foregoing, Life Insurance Policy Loans shall not constitute Indebtedness so long as (1) such obligations are nonrecourse to Borrower, EMJ and their respective Subsidiaries, (2) each EMJ COLI policy is owned by EMJ and has EMJ as its sole beneficiary, (3) the aggregate amount of such obligations outstanding thereunder at any time does not exceed the cash surrender value of the EMJ COLI policies at such time, and (4) the proceeds of such loans incurred after the Effective Date are not used for any purpose other than to pay the premiums, interest, taxes and expenses related to the EMJ COLI policies. In no event shall Indebtedness include (A) trade payables, accrued expenses and intercompany liabilities arising in the ordinary course of business, (B) prepaid or deferred revenue arising in the ordinary course of business, (C) purchase price holdbacks arising in the ordinary course of business in respect of a portion of the purchase price of an asset to satisfy unperformed obligations of the seller of such asset, or (D) earn-out obligations until such obligations become a liability on the balance sheet of such person in accordance with GAAP.

**"Indemnified Taxes"** means (a) Taxes, other than Excluded Taxes, imposed on or with respect to any payment made by or on account of any obligation of Borrower under any Loan Document and (b) to the extent not otherwise described in clause (a), Other Taxes.

**"Indemnitee"** has the meaning specified in Section 10.4(b).

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**"Intangible Assets"** means assets that are considered intangible assets under GAAP, including customer lists, goodwill, computer software (except for purchased or licensed software), copyrights, trade names, trademarks and patents.

**"Interest Coverage Ratio"** means, as of the last day of any Fiscal Quarter (including the last day of a Fiscal Quarter which is also the last day of a Fiscal Year), the ratio of (a) EBIT of Borrower and its Subsidiaries on a consolidated basis for the fiscal period consisting of that Fiscal Quarter and the three immediately preceding Fiscal Quarters, excluding any portion of EBIT allocable to any Person acquired by Borrower or any of its Subsidiaries for any portion of the fiscal period that occurs prior to the date of the Acquisition of such Person to (b) Interest Expense of Borrower and its Subsidiaries on a consolidated basis for such fiscal period.

**"Interest Expense"** means, with respect to any Person and as of the last day of any fiscal period, the sum of (a) all interest, fees, charges and related expenses paid or payable (without duplication) for that fiscal period by that Person to a lender in connection with borrowed money (including any obligations for fees, charges and related expenses payable to the issuer of any letter of credit) or the deferred purchase price of assets that are considered "interest expense" under GAAP plus (b) the portion of rent paid or payable (without duplication) for that fiscal period by that Person under Capital Lease Obligations that should be treated as interest in accordance with FASB ASC 840-10 and 840-20.

**"Interest Payment Date"** means, (a) with respect to any Base Rate Loan (including a Swing Line Loan), the last Business Day of each calendar quarter and the Maturity Date, (b) with respect to any Alternative Currency Daily Rate Loan, the last Business Day of each month and the Maturity Date and (c) with respect to any Alternative Currency Term Rate Loan and any Term SOFR Loan, (i) any date that such Loan is prepaid in whole or in part, (ii) the last day of each Interest Period applicable to such Loan; provided, however, that if any Interest Period of any such Loan exceeds three months, the date that falls three months after the beginning of such Interest Period, shall also be an Interest Payment Date, and (iii) the Maturity Date.

**"Interest Period"** means, as to each Term SOFR Loan and Alternative Currency Term Rate Loan, as applicable, the period commencing on the date such Term SOFR Loan or Alternative Currency Term Rate Loan, as applicable, is disbursed or converted to or continued as a Term SOFR Loan or Alternative Currency Term Rate Loan, as applicable, and ending on the date one, three or, except for Alternative Currency Term Rate Loans at the CDOR Rate, six months thereafter (in each case, subject to availability for the interest rate applicable to the relevant currency), as selected by Borrower in the Request for Extension of Credit relating thereto; provided that:

- (a) Any Interest Period that would otherwise end on a day that is not a Business Day shall be extended to the next succeeding Business Day unless such Business Day falls in another calendar month, in which case such Interest Period shall end on the immediately preceding Business Day;
- (b) Any Interest Period pertaining to a Term SOFR Loan or an Alternative Currency Term Rate Loan that begins on the last Business Day of a calendar month (or on a day for which there is no numerically corresponding day in the calendar month at the end of such Interest Period) shall end on the last Business Day of the calendar month at the end of such Interest Period; and
- (c) No Interest Period shall extend beyond the Maturity Date.

**"Investment"** means, as to any Person, any acquisition (other than an "Acquisition" as defined above) or investment by such Person, whether by means of (a) the purchase or other acquisition of capital stock or other securities of another Person, (b) a loan, advance or capital contribution to, guaranty of debt

of, or purchase or other acquisition of any other debt or equity participation or interest in, another Person, including any partnership or joint venture interest in such other Person, or (c) the purchase or other acquisition (in one transaction or a series of transactions) of assets of another Person that constitute a business unit. For purposes of covenant compliance, the amount of any Investment shall be the amount actually invested, without adjustment for subsequent increases or decreases in the value of any such Investment.

**"ISP"** means, with respect to any Letter of Credit, the "International Standby Practices 1998" published by the Institute of International Banking Law & Practice (or such later version thereof as may be in effect at the time of issuance).

**"Issuer Documents"** means with respect to any Letter of Credit, the Letter of Credit Application, and any other document, agreement and instrument entered into by the Issuing Lender and Borrower (or any Subsidiary) or in favor of the Issuing Lender and relating to such Letter of Credit.

**"Issuing Lender"** means Bank of America, in its capacity as issuer of Letters of Credit hereunder, or any successor issuer of Letters of Credit hereunder. The Issuing Lender may, in its discretion, arrange for one or more Letters of Credit to be issued by Affiliates of the Issuing Lender, in which case the term "Issuing Lender" shall include any such Affiliate with respect to Letters of Credit issued by such Affiliate.

**"Laws"** means, collectively, all international, foreign, federal, state and local statutes, treaties, rules, guidelines, regulations, ordinances, codes and administrative or judicial precedents or authorities, including the interpretation or administration thereof by any Governmental Authority charged with the enforcement, interpretation or administration thereof, and all applicable administrative orders, executive orders, directed duties, requests, licenses, authorizations and permits of, and agreements with, any Governmental Authority, in each case whether or not having the force of law.

**"Lender"** has the meaning set forth in the introductory paragraph hereto, and unless the context otherwise requires includes the Swing Line Lender.

**"Lender Parties"** and **"Lender Recipient Parties"** mean, collectively, the Lenders, the Swing Line Lender and the Issuing Lender.

**"Lending Office"** means, as to any Lender, the office or offices of such Lender described as such in such Lender's Administrative Questionnaire, or such other office or offices as such Lender may from time to time notify Borrower and Administrative Agent, which office may include any Affiliate of such Lender or any domestic or foreign branch of such Lender or such Affiliate. Unless the context otherwise requires each reference to a Lender shall include its applicable Lending Office.

**"Letter of Credit"** means any of the letters of credit issued by the Issuing Lender hereunder, including the Existing Letters of Credit, either as originally issued or as the same may be supplemented, amended, renewed or extended. All Letters of Credit shall be issued in Dollars or in an Alternative Currency approved by the Issuing Lender.

**"Letter of Credit Advance"** means, with respect to each Revolving Credit (USD) Lender, such Lender's funding of its participation in any Letter of Credit Borrowing in accordance with its Pro Rata Revolving Credit (USD) Share. All Letter of Credit Advances shall be denominated in Dollars.

**"Letter of Credit Application"** means an application for issuances of, or amendments to, Letters of Credit as shall at any time be in use at the Issuing Lender.

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**"Letter of Credit Borrowing"** means an extension of credit resulting from a drawing under any Letter of Credit which has not been reimbursed on the date when made or refinanced as a Revolving Credit (USD) Borrowing. All Letter of Credit Borrowings shall be

denominated in Dollars.

**“Letter of Credit Expiration Date”** means the day that is seven days prior to the Maturity Date then in effect (or, if such day is not a Business Day, the next preceding Business Day).

**“Letter of Credit Extension”** means, with respect to any Letter of Credit, the issuance thereof or extension of the expiry date thereof, or the renewal or increase of the amount thereof.

**“Letter of Credit Fee”** has the meaning specified in Section 2.4(n).

**“Letter of Credit Sublimit”** means an amount equal to the lesser of (a) the Aggregate Revolving Credit (USD) Commitments and (b) \$150,000,000. The Letter of Credit Sublimit is part of, and not in addition to, the Aggregate Revolving Credit (USD) Commitments.

**“Letter of Credit Usage”** means, as at any date of determination, the aggregate amount available to be drawn under all outstanding Letters of Credit plus the aggregate amount of all Unreimbursed Amounts, including all drawings under the Letters of Credit honored by the Issuing Lender and not theretofore reimbursed or converted into Revolving Credit (USD) Loans. For purposes of computing the amount available to be drawn under any Letter of Credit, the amount of such Letter of Credit shall be determined in accordance with Section 1.6. For all purposes of this Agreement, if on any date of determination a Letter of Credit has expired by its terms but any amount may still be drawn thereunder by reason of the operation of Rule 3.14 of the ISP, such Letter of Credit shall be deemed to be “outstanding” in the amount so remaining available to be drawn.

**“Lien”** means any security interest, mortgage, pledge, hypothecation, assignment, deposit arrangement, encumbrance, lien (statutory or otherwise), charge against or interest in property to secure payment of a debt or performance of an obligation or other priority or preferential arrangement of any kind or nature whatsoever, including any agreement to grant any of the foregoing, any conditional sale or other title retention agreement, any lease in the nature of a security interest, and/or the filing of or agreement to give any financing statement (other than a precautionary financing statement with respect to a lease that is not in the nature of a security interest) under the Uniform Commercial Code or comparable Laws of any jurisdiction with respect to any Property, including the interest of a purchaser of accounts receivable; provided that in no event shall (a) the interest of a lessor under an operating lease or (b) customary restrictions in purchase and sale agreements constitute a Lien.

**“Life Insurance Policy Loans”** means obligations in respect of money borrowed by EMJ against the available cash surrender value of any EMJ COLI policy in accordance with the terms of such policy, which obligations shall be nonrecourse to Borrower and its Subsidiaries.

**“Loan”** means any advance made or to be made by any Lender to Borrower as provided in Section 2, and includes each Revolving Credit (USD) Loan, Revolving Credit (MC) Loan and Swing Line Loan.

**“Loan Documents”** means, collectively, this Agreement, the Notes, the Fee Letters, the Letters of Credit, the Swing Line Documents, any Request for Extension of Credit, any Issuer Documents, any Compliance Certificate, any agreement creating or perfecting rights in Cash Collateral pursuant to the provisions of Section 2.17 of this Agreement, and any other agreements of any type or nature hereafter executed and delivered by Borrower or any of its Subsidiaries or Affiliates to Administrative Agent, the Issuing Lender or to any Lender in any way relating to or in furtherance of this Agreement, in each case

either as originally executed or as the same may from time to time be supplemented, modified, amended, restated, extended or replaced.

**“Margin Stock”** means “margin stock” as such term is defined in Regulation U of the FRB as in effect from time to time.

**"Material Adverse Effect"** means a material adverse effect on (a) the business, operations or financial condition of Borrower and its Subsidiaries, taken as a whole; (b) the ability of Borrower to perform its obligations under the Loan Documents; or (c) the rights and remedies of the Administrative Agent or the Lenders under the Loan Documents.

**"Maturity Date"** means September 3, 2025; provided, however, that if such date is not a Business Day, the Maturity Date shall be the next preceding Business Day.

**"Minimum Amount"** means, with respect to each of the following actions, the following amounts set forth opposite such action (a reference to **"Minimum Amount"** shall also be deemed a reference to the multiples in excess thereof set forth below):

Type of Action	Minimum Amount	Minimum Multiples in excess of Minimum Amount
Borrowing of, prepayment of or Conversion into, Base Rate Loans	\$2,000,000	\$1,000,000
Borrowing of, prepayment of, Continuation of, or Conversion into, Term SOFR Loans or Alternative Currency Loans	\$5,000,000	\$1,000,000
Borrowing of Revolving Credit (USD) Loans as Base Rate Loans to repay Swing Line Loans	Amount of Swing Line Loans being repaid	N/A
Reduction in Revolving Credit (USD) Commitments or Revolving Credit (MC) Commitments	\$10,000,000	\$10,000,000
Assignments with respect to the Revolving Credit (USD) Facility	\$10,000,000	N/A
Assignments with respect to the Revolving Credit (MC) Facility	\$5,000,000	N/A

**"Multiemployer Plan"** means any employee benefit plan of the type described in Section 4001(a)(3) of ERISA that is sponsored, maintained, contributed to by Borrower or any ERISA Affiliate or to which Borrower or any ERISA Affiliate has any liability (contingent or otherwise).

**"Net Cash Proceeds"** means Net Proceeds to the extent consisting of Cash less attorneys' fees, accountants' fees, investment banking fees and other costs, fees and expenses actually incurred in connection therewith and net of taxes paid or reasonably estimated to be payable as a result thereof.

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**"Net Income"** means, with respect to any fiscal period, the consolidated net income of Borrower and its Subsidiaries, excluding any consolidated net income not attributable to Borrower and its Subsidiaries for that period, determined in accordance with GAAP, consistently applied.

**"Net Proceeds"** means, with respect to any Disposition, the gross sales proceeds received by Borrower and its Subsidiaries from such Disposition (including Cash, Property and the assumption by the purchaser of any liability of Borrower or its Subsidiaries) net of brokerage commissions, legal expenses and other transactional costs payable by Borrower and its Subsidiaries with respect to such Disposition and net of an amount determined in good faith by Borrower to be the estimated amount of income taxes payable by Borrower attributable to such Disposition.

**"Non-Consenting Lender"** means any Lender that does not approve any consent, waiver or amendment that (i) requires the approval of all affected Lenders or each Lender affected by the applicable consent, waiver or amendment in accordance with the terms of Section 10.1 and (ii) has been approved by the Requisite Lenders.

**"Non-Extending Lender"** has the meaning specified in Section 2.18(b).

**"Non-Extension Notice Date"** has the meaning specified in Section 2.4(g).

**"Non-SOFR Scheduled Unavailability Date"** has the meaning specified in Section 3.3(c)(ii).

**"Non-SOFR Successor Date"** has the meaning specified in Section 3.3(c).

**"Notes"** means, collectively, the Revolving Credit (USD) Notes and the Revolving Credit (MC) Notes.

**"Notice Date"** has the meaning specified in Section 2.18(b).

**"Obligations"** means all present and future obligations of every kind or nature of Borrower at any time and from time to time owed to Administrative Agent, any Lender, the Issuing Lender or any Person entitled to indemnification, or any one or more of them, under any one or more of the Loan Documents or otherwise with respect to any Loan or Letter of Credit, in each case whether due or to become due, matured or to become mature, liquidated or unliquidated, or contingent or actual, including obligations of performance as well as obligations of payment, and including interest that accrues after the commencement of any proceeding under any Debtor Relief Law by or against Borrower or any Subsidiary or Affiliate of Borrower.

**"OFAC"** means the Office of Foreign Assets Control of the United States Department of the Treasury.

**"Opinion of Counsel"** means the favorable written legal opinion of in-house counsel to the Borrower, who has acted as counsel to Borrower, substantially in the form of Exhibit F, together with copies of all factual certificates and legal opinions upon which such counsel has relied.

**"Other Connection Taxes"** means, with respect to any Recipient, Taxes imposed as a result of a present or former connection between such Recipient and the jurisdiction imposing such Tax (other than connections arising from such Recipient having executed, delivered, become a party to, performed its obligations under, received payments under, received or perfected a security interest under, engaged in any other transaction pursuant to or enforced any Loan Document, or sold or assigned an interest in any Loan or Loan Document).

**"Other Taxes"** means all present or future stamp, court or documentary, intangible, recording, filing or similar Taxes that arise from any payment made under, from the execution, delivery, performance, enforcement or registration of, from the receipt or perfection of a security interest under, or otherwise with respect to, any Loan Document, except any such Taxes that are Other Connection Taxes imposed with respect to an assignment (other than an assignment made pursuant to Section 3.6).

**"Outstanding Amount"** means (i) with respect to Revolving Credit (USD) Loans, Revolving Credit (MC) Loans and Swing Line Loans on any date, the Dollar Equivalent amount of the aggregate outstanding principal amount thereof after giving effect to any borrowings and prepayments or repayments of Revolving Credit (USD) Loans, Revolving Credit (MC) Loans and Swing Line Loans, as the case may be, occurring on such date; and (ii) with respect to any Letter of Credit Usage on any date, the Dollar Equivalent amount of such Letter of Credit Usage on such date after giving effect to any Letter of Credit Extension occurring on such date and any other changes in the aggregate amount of the Letter of Credit Usage as of such date, including as a result of any reimbursements of outstanding unpaid drawings under any Letters of Credit or any reductions in the maximum amount available for drawing under Letters of Credit taking effect on such date.

**"Outstanding Obligations"** means, as of any date, and after giving effect to making any Extensions of Credit requested on such date and all payments, repayments and prepayments made on such date, the sum of (a) the aggregate outstanding principal of all Loans, and (b) all Letter of Credit Usage.

**"Overnight Rate"** means, for any day, (a) with respect to any amount denominated in Dollars, the greater of (i) the Federal Funds Rate and (ii) an overnight rate determined by the Administrative Agent, the Issuing Lender or the Swing Line Lender, as the case may be, in accordance with banking industry rules on interbank compensation, and (b) with respect to any amount denominated in an Alternative Currency, an overnight rate reasonably determined by the Administrative Agent or the Issuing Lender, as the case may be, in accordance with banking industry rules on interbank compensation.

**"Participant"** has the meaning specified in Section 10.6(d).

**"Participant Register"** has the meaning specified in Section 10.6(c).

**"Participating Member State"** means any member state of the European Union that adopts or has adopted the Euro as its lawful currency in accordance with legislation of the European Union relating to Economic and Monetary Union.

**"PBGC"** means the Pension Benefit Guaranty Corporation or any successor thereto established under ERISA.

**"Pension Act"** means the Pension Protection Act of 2006.

**"Pension Funding Rules"** means the rules of the Code and ERISA regarding minimum required contributions (including any installment payment thereof) to Pension Plans and set forth in, with respect to plan years ending prior to the effective date of the Pension Act, Section 412 of the Code and Section 302 of ERISA, each as in effect prior to the Pension Act and, thereafter, Section 412, 430, 431, 432 and 436 of the Code and Sections 302, 303, 304 and 305 of ERISA.

**"Pension Plan"** means any "employee pension benefit plan" (as such term is defined in Section 3(2) of ERISA), other than a Multiemployer Plan, which is subject to Title IV of ERISA and is maintained by Borrower or its ERISA Affiliates or to which Borrower or any of its ERISA Affiliates contributes or has

an obligation to contribute, or in the case of a multiple employer plan (as described in Section 4064(a) of ERISA) has made contributions at any time during the immediately preceding five plan years.

**"Permitted Investment"** means:

- (a) Investments held by Borrower or any of its Subsidiaries in the form of cash equivalents or short-term marketable securities;
- (b) advances or loans to officers, directors and employees of Borrower and its Subsidiaries in the ordinary course of business in an aggregate amount not to exceed \$10,000,000 at any time outstanding;
- (c) consignments of inventory in the ordinary course of business;
- (d) contributions to a "rabbi" trust for the benefit of employees or other grantor trust subject to claims of creditors in the case of a bankruptcy of the Borrower or its Subsidiaries;
- (e) Investments consisting of extension of credit in the nature of accounts receivable or notes receivable arising from the sale or lease of goods or services in the ordinary course of business, and Investments received in satisfaction or partial satisfaction thereof from financially troubled account debtors to the extent reasonably necessary in order to prevent or limit loss;

- (f) investments by the Borrower or a Subsidiary in the capital stock of its Subsidiaries;
- (g) loans or advances made by the Borrower to, and Guaranty Obligations by the Borrower of obligations of, any Subsidiary, and loans or advances made by any Subsidiary to, and the Borrower by any Subsidiary of obligations of, the Borrower or any other Subsidiaries;
- (h) Guarantees constituting Indebtedness permitted by Section 7.2;
- (i) Investments received in connection with the bona fide settlement of any defaulted Indebtedness or other liability owed to the Borrower or any Subsidiary; and
- (j) Swap Contracts not entered into for speculative purposes.

**Permitted Liens** means:

- (a) inchoate Liens incident to construction on or maintenance of Real Property; or Liens incident to construction on or maintenance of Real Property now or hereafter filed of record for which adequate reserves have been set aside (or deposits made pursuant to applicable Laws) and which are being contested in good faith by appropriate proceedings and have not proceeded to judgment; provided that, by reason of nonpayment of the obligations secured by such Liens, no such Real Property is subject to a material risk of loss or forfeiture;
- (b) Liens for taxes and assessments on Real Property which are not past due; or Liens for taxes and assessments on Real Property for which adequate reserves have been set aside and are being contested in good faith by appropriate proceedings;
- (c) minor defects and irregularities in title, easements, rights-of-way, restrictions and other similar encumbrances incurred in the ordinary course of business which do not in any case materially detract from the value of the Property subject thereto or interfere with the ordinary conduct of the businesses of Borrower and its Subsidiaries;

- (d) rights reserved to or vested in any Governmental Authority to control or regulate, or obligations or duties to any Governmental Authority with respect to, the use of any Real Property;
- (e) rights reserved to or vested in any Governmental Authority to control or regulate, or obligations or duties to any Governmental Authority with respect to, any right, power, franchise, grant, license, or permit;
- (f) present or future zoning laws and ordinances or other laws and ordinances restricting the occupancy, use, or enjoyment of Real Property;
- (g) statutory Liens, other than those described in subsections (a) or (b) above, arising in the ordinary course of business with respect to obligations which are not delinquent or are being contested in good faith; provided that, if delinquent, adequate reserves have been set aside with respect thereto and, by reason of nonpayment, no Property is subject to a material risk of loss or forfeiture;
- (h) covenants, conditions, and restrictions affecting the use of Real Property which in the aggregate do not materially impair the fair market value or use of the Real Property for the purposes for which it is held;
- (i) rights of tenants under leases and rental agreements covering Real Property entered into in the ordinary course of business of the Person owning such Real Property;
- (j) Liens consisting of pledges or deposits to secure (i) obligations under workers' compensation, unemployment insurance, social security and other laws or similar legislation, including Liens of judgments thereunder which are not currently dischargeable and

(ii) the performance of statutory obligations, not incurred in connection with (A) the borrowing of money or (B) the deferred purchase price of goods or inventory;

(k) Liens consisting of pledges or deposits of Property to secure performance in connection with operating leases made in the ordinary course of business to which Borrower or any Subsidiary of Borrower is a party as lessee;

(l) Liens consisting of any right of offset, or statutory bankers' lien, on bank deposit accounts maintained in the ordinary course of business so long as such bank deposit accounts are not established or maintained for the purpose of providing such right of offset or bankers' lien;

(m) Liens consisting of deposits of Property to secure statutory obligations of Borrower or any Subsidiary of Borrower in the ordinary course of its business;

(n) Liens consisting of deposits of Property to secure (or in lieu of) surety, appeal or customs bonds in proceedings to which Borrower or any Subsidiary of Borrower is a party in the ordinary course of its business;

(o) judgment, attachment or other similar liens in respect of judgments that do not constitute an Event of Default;

(p) other non-consensual Liens incurred in the ordinary course of business but not in connection with an extension of credit, which do not in the aggregate, when taken together with all other Liens, materially impair the value or use of the Property of Borrower and its Subsidiaries, taken as a whole;

(q) Liens consisting of (i) an interest (other than a legal or equitable co-ownership interest, an option or right to acquire a legal or equitable co-ownership interest and any interest of a ground lessor under a ground lease), that does not materially impair the value or use of Property for the purposes for which it is or may reasonably be expected to be held, (ii) an option or right to acquire a Lien that would be a Permitted Lien, (iii) the subordination of a lease or sublease in favor of a financing entity and (iv) a license, or similar right, of or to Intangible Assets granted in the ordinary course of business;

(r) carriers', warehousemen's, mechanics', materialmen's, repairmen's and other like Liens imposed by law;

(s) pledges and deposits made (i) to secure the performance of bids, trade contracts, leases, statutory obligations, surety and appeal bonds, performance bonds and other obligations of a like nature, in each case in the ordinary course of business and (ii) in respect of letters of credit, bank guarantees or similar instruments issued for the account of the Borrower or any Subsidiary thereof in the ordinary course of business supporting obligations of the type set forth in clause (i) above;

(t) Liens representing any interest or title of a licensor, lessor or sub-licensor or sub-lessor, or a licensee, lessee or sub-licensee or sub-lessee, in the property subject to any lease, license or sublicense or concession agreement not prohibited by this Agreement;

(u) Liens incurred or deposits made in the ordinary course of business in connection with operating leases;

(v) Liens in favor of customs and revenue authorities arising as a matter of law to secure payment of customs duties in connection with the import or export of goods;

(w) Liens solely on any cash earnest money deposits made by the Borrower or any Subsidiary in connection with any letter of intent or purchase agreement permitted hereunder;

(x) the prior rights of consignees and their lenders under consignment arrangements entered into in the ordinary course of business;

- (y) Liens arising from precautionary Uniform Commercial Code financing statements, conditional sale, title retention, consignments or similar arrangements entered into in connection with any transaction not prohibited by this Agreement;
- (z) Liens securing insurance premiums financing arrangements, provided, that such Liens are limited to the applicable unearned insurance premiums;
- (aa) Liens entered into or granted in connection with Customer Finance Programs or the purchase and sale of inventory, or the sale of receivables pursuant to non-recourse factoring arrangements; and
- (cc) encumbrances or restrictions arising under any "rabbi trust" formed in connection with any deferred compensation arrangements.

**"Person"** means any individual or entity, including a trustee, corporation, limited liability company, general partnership, limited partnership, joint stock company, trust, estate, unincorporated organization, business association, firm, joint venture, Governmental Authority, or other entity.

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**"Priority Indebtedness"** means, as of the time of determination, the aggregate amount of (a) unsecured Indebtedness of Borrower's Subsidiaries (excluding indebtedness owing to Borrower or any Subsidiary of Borrower) plus (b) all Indebtedness of Borrower and its Subsidiaries that is secured by Liens (excluding Liens permitted by clauses (a) through (h) of Section 7.1).

**"Pro Rata Revolving Credit (USD) Share"** means with respect to any Revolving Credit (USD) Lender at any time, such Revolving Credit (USD) Lender's Pro Rata Share in respect of the Revolving Credit (USD) Facility at such time.

**"Pro Rata Share"** means (a) in respect of the Revolving Credit (USD) Facility, with respect to any Revolving Credit (USD) Lender at any time, the percentage (carried out to the ninth decimal place) of the Aggregate Revolving Credit (USD) Commitments represented by such Revolving Credit (USD) Lender's Revolving Credit (USD) Commitment at such time, in each case, subject to adjustment as provided in Section 2.16 and (b) in respect of the Revolving Credit (MC) Facility, with respect to any Revolving Credit (MC) Lender at any time, the percentage (carried out to the ninth decimal place) of the Aggregate Revolving Credit (MC) Commitments represented by such Revolving Credit (MC) Lender's Revolving Credit (MC) Commitment at such time. If the commitment of each Revolving Credit (USD) Lender to make Revolving Credit (USD) Loans and the obligation of the Issuing Lender to make Extensions of Credit with respect to Letters of Credit have been terminated pursuant to Section 8.2, or if the Aggregate Revolving Credit (USD) Commitments have expired, then the Pro Rata Share of each Revolving Credit (USD) Lender in respect of the Revolving Credit (USD) Facility shall be determined based on the Pro Rata Share of such Revolving Credit (USD) Lender in respect of the Revolving Credit (USD) Facility most recently in effect, giving effect to any subsequent assignments. If the commitment of each Revolving Credit (MC) Lender to make Revolving Credit (MC) Loans has been terminated pursuant to Section 8.2, or if the Aggregate Revolving Credit (MC) Commitments have expired, then the Pro Rata Share of each Revolving Credit (MC) Lender in respect of the Revolving Credit (MC) Facility shall be determined based on the Pro Rata Share of such Revolving Credit (MC) Lender in respect of the Revolving Credit (MC) Facility most recently in effect, giving effect to any subsequent assignments. The initial Pro Rata Share of each Lender in respect of each Facility is set forth opposite the name of such Lender on Schedule 2.1 or in the Assignment and Assumption pursuant to which such Lender becomes a party hereto, as applicable.

**"Property"** or **"Properties"** means any interest in any kind of property or asset, whether real, personal or mixed, or tangible or intangible.

**"PTE"** means a prohibited transaction class exemption issued by the U.S. Department of Labor, as any such exemption may be amended from time to time.

**"Quarterly Payment Date"** means the last Business Day of each calendar quarter.

**"Rate Determination Date"** means two (2) Business Days prior to the commencement of such Interest Period (or such other day as is generally treated as the rate fixing day by market practice in such interbank market, as determined by Administrative Agent; provided that to the extent such market practice is not administratively feasible for Administrative Agent, then "Rate Determination Date" means such other day as otherwise reasonably determined by Administrative Agent).

**"Real Property"** means, as of any date of determination, all real Property then or theretofore owned, leased or occupied by Borrower or any of its Subsidiaries.

**"Recipient"** means the Administrative Agent, any Lender, the Issuing Lender or any other recipient of any payment to be made by or on account of any obligation of Borrower hereunder.

**"Register"** has the meaning specified in Section 10.6(c).

**"Regulations T, U and X"** means Regulations T, U and X, as at any time amended, of the FRB, or any other regulations in substance substituted therefor.

**"Related Parties"** means, with respect to any Person, such Person's Affiliates and the partners, directors, officers, employees, agents, trustees, administrators, managers, advisors and representatives of such Person and of such Person's Affiliates.

**"Relevant Rate"** means with respect to any Extension of Credit denominated in (a) Dollars, SOFR, (b) Sterling, SONIA, (c) Euros, EURIBOR and (d) Canadian Dollars, the CDOR Rate, as applicable.

**"Reportable Event"** means, any of the events set forth in Section 4043(c) of ERISA or the regulations thereunder, other than any such event for which the 30-day notice requirement under ERISA has been waived in regulations issued by the PBGC.

**"Request for Extension of Credit"** means a written request substantially in the form of Exhibit A or such other form as may be approved by the Administrative Agent (including any form on an electronic platform or electronic transmission system as shall be approved by the Administrative Agent) or telephonic request followed by such written request, duly completed and signed by a Responsible Officer of Borrower, in each case delivered to Administrative Agent by Requisite Notice.

**"Requisite Facility Lenders"** means (a) for the Revolving Credit (USD) Facility, the Requisite Revolving Credit (USD) Lenders and (b) for the Revolving Credit (MC) Facility, the Requisite Revolving Credit (MC) Lenders.

**"Requisite Lenders"** means, at any time, Lenders having Total Credit Exposure representing more than 50% of the Total Credit Exposure of all Lenders. The Total Credit Exposure of any Defaulting Lender shall be disregarded in determining Requisite Lenders at any time; provided that, the amount of any participation in any Swing Line Loan and Unreimbursed Amounts that any Defaulting Lender has failed to fund that have not been reallocated to and funded by another Revolving Credit (USD) Lender shall be deemed to be held by the Lender that is the Swing Line Lender or Issuing Lender, as the case may be, in making such determination.

**"Requisite Notice"** means, unless otherwise provided herein, (a) irrevocable written notice to the intended recipient (which may include any form on an electronic platform or electronic transmission system as shall be approved by the Administrative Agent) or (b) irrevocable telephonic notice to the intended recipient, promptly followed by a written notice to such recipient. Such notices shall be (i) delivered or made to such recipient at the address, telephone number or facsimile number set forth on Schedule 10.2 or in the Administrative Questionnaire or as otherwise designated by such recipient by Requisite Notice to Administrative Agent and (ii) if made by Borrower, given or made by a Responsible Officer. Any written notice shall be in the form, if any, prescribed in the applicable section herein and may be given by facsimile; provided such facsimile is promptly confirmed by a telephone call to such recipient or, in the case of any notices given pursuant to Section 2, any form on an electronic platform or electronic transmission system as shall be approved by the Administrative Agent.

**"Requisite Revolving Credit (MC) Lenders"** means, at any time, Lenders having more than 50% of the sum of the aggregate Outstanding Amount of Revolving Credit (MC) Loans plus the aggregate unused Revolving Credit (MC) Commitments. The aggregate Outstanding Amount of Revolving Credit (MC) Loans and unused Revolving Credit (MC) Commitment of any Defaulting Lender shall be disregarded in determining Requisite Revolving Credit (MC) Lenders at any time.

**"Requisite Revolving Credit (USD) Lenders"** means, at any time, Lenders having more than 50% of the sum of the aggregate Revolving Credit (USD) Exposures plus the aggregate unused Revolving Credit (USD) Commitments. The Revolving Credit (USD) Exposure and unused Revolving Credit (USD) Commitment of any Defaulting Lender shall be disregarded in determining Requisite Revolving Credit (USD) Lenders at any time; provided that, the amount of any participation in any Swing Line Loan and Unreimbursed Amounts that such Defaulting Lender has failed to fund that have not been reallocated to and funded by another Revolving Credit (USD) Lender shall be deemed to be held by the Lender that is the Swing Line Lender or Issuing Lender, as the case may be, in making such determination.

**"Requisite Time"** means, with respect to any of the actions listed below, the time set forth opposite such action (all times are California time) on or prior to the date (the "relevant date") of such action:

Action	Time	Date
Borrowing or prepayment of Base Rate Loans	9:00 a.m.	Relevant date
Borrowing of, Continuation of, prepayment of, or Conversion into Term SOFR Loans denominated in Dollars	10:00 a.m.	2 Business Days prior to relevant date
Borrowing of, Continuation of or prepayment of Loans denominated in Alternative Currencies	10:00 a.m.	4 Business Days prior to relevant date
Borrowing of, Continuation of or prepayment of Loans denominated in Special Notice Currencies	10:00 a.m.	5 Business Days prior to relevant date
Voluntary Reduction or Termination of Revolving Credit (USD) Commitments or Revolving Credit (MC) Commitments	10:00 a.m.	2 Business Days prior to relevant date
Letter of Credit action	10:00 a.m.	5 Business Days prior to relevant date
Funds (including scheduled or required repayments and payments of principal and interest) made available by Lenders or Borrower to Administrative Agent	11:00 a.m.	Relevant date

**"Rescindable Amount"** has the meaning as specified in Section 2.12(d)(ii).

**"Resolution Authority"** means an EEA Resolution Authority or, with respect to any UK Financial Institution, a UK Resolution Authority.

**"Responsible Officer"** means the chief executive officer, president, chief financial officer, chief operating officer, secretary, corporate controller or treasurer of Borrower, or any other officer or partner having substantially the same authority and responsibility and, solely for purposes of notices given pursuant to Section 2, any other officer or employee of Borrower so designated by any of the foregoing officers in a notice to the Administrative Agent or any other officer or employee of Borrower designated in or pursuant to an agreement between Borrower and the Administrative Agent. Any document or certificate hereunder that is signed or executed by a Responsible Officer of Borrower shall be conclusively presumed to have been authorized by all necessary corporate, partnership and/or other action on the part of Borrower and such Responsible Officer shall be conclusively presumed to have acted on behalf of Borrower.

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**"Revaluation Date"** means, (a) with respect to any Revolving Credit (MC) Loan, each of the following: (i) each date of a Borrowing of an Alternative Currency Loan, (ii) with respect to an Alternative Currency Daily Rate Loan, each Interest Payment Date, (iii) each date of a Continuation of an Alternative Currency Term Rate Loan pursuant to Section 2.2, and (iv) such additional dates as Administrative Agent shall reasonably determine or the Requisite Revolving Credit (MC) Lenders shall require; and (b) with respect to any Letter of Credit, each of the following: (i) each date of issuance, amendment and/or extension of a Letter of Credit denominated in an Alternative Currency, (ii) each date of any payment by the Issuing Lender under any Letter of Credit denominated in an Alternative Currency, (iii) in the case of all Existing Letters of Credit denominated in Alternative Currencies (if any), the Effective Date, and (v) such additional dates as the Administrative Agent or the Issuing Lender shall reasonably determine or the Required Revolving Credit (USD) Lenders shall require.

**"Revolving Credit (MC) Borrowing"** means a borrowing consisting of simultaneous Revolving Credit (MC) Loans of the same type, in the same currency and, in the case of Term SOFR Loans or Alternative Currency Term Rate Loans, having the same Interest Period made by each of the Revolving Credit (MC) Lenders pursuant to Section 2.1(b).

**"Revolving Credit (USD) Borrowing"** means a borrowing consisting of simultaneous Revolving Credit (USD) Loans of the same type and, in the case of Term SOFR Loans, having the same Interest Period made by each of the Revolving Credit (USD) Lenders pursuant to Section 2.1(a).

**"Revolving Credit (MC) Commitment"** means, as to each Lender, its obligation to make Revolving Credit (MC) Loans to Borrower pursuant to Section 2.1(b) in an aggregate principal amount at any one time outstanding not to exceed the amount set forth opposite such Lender's name on Schedule 2.1 under the caption "Revolving Credit (MC) Commitment" or opposite such caption or in the Assignment and Assumption pursuant to which such Lender becomes a party hereto, as applicable, as such amount may be adjusted from time to time in accordance with this Agreement.

**"Revolving Credit (USD) Commitment"** means, as to each Lender, its obligation to (a) make Revolving Credit (USD) Loans to Borrower pursuant to Section 2.1(a), (b) purchase participations in Letter of Credit Usage, and (c) purchase participations in Swing Line Loans, in an aggregate principal amount at any one time outstanding not to exceed the amount set forth opposite such Lender's name on Schedule 2.1 under the caption "Revolving Credit (USD) Commitment" or opposite such caption or in the Assignment and Assumption pursuant to which such Lender becomes a party hereto, as applicable, as such amount may be adjusted from time to time in accordance with this Agreement.

**"Revolving Credit (USD) Exposure"** means, as to any Revolving Credit (USD) Lender at any time, the aggregate Outstanding Amount at such time of Revolving Credit (USD) Loans and aggregate Outstanding Amount of such Revolving Credit (USD) Lender's participation in Letter of Credit Usage and Swing Line Loans at such time.

**"Revolving Credit (MC) Facility"** means, at any time, the revolving credit facility provided in this Agreement pursuant to the Aggregate Revolving Credit (MC) Commitments.

**"Revolving Credit (USD) Facility"** means, at any time, the revolving credit facility provided in this Agreement pursuant to the Aggregate Revolving Credit (USD) Commitments, including the participations in the Letter of Credit Usage and Swing Line Loans thereunder.

**"Revolving Credit (MC) Lender"** means, at any time, any Lender that has a Revolving Credit (MC) Commitment or outstanding Revolving Credit (MC) Loans at such time.

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**"Revolving Credit (USD) Lender"** means, at any time, any Lender that has a Revolving Credit (USD) Commitment or Revolving Credit (USD) Exposure at such time.

**"Revolving Credit (MC) Loan"** means a Loan of any type made to Borrower by any Revolving Credit (MC) Lender pursuant to Section 2.1(b). All Revolving Credit (MC) Loans may be denominated in Dollars or Alternative Currencies.

**"Revolving Credit (USD) Loan"** means a Loan of any type made to Borrower by any Revolving Credit (USD) Lender pursuant to Section 2.1(a). All Revolving Credit (USD) Loans shall be denominated in Dollars.

**"Revolving Credit (MC) Note"** means a promissory note made by Borrower in favor of a Revolving Credit (MC) Lender evidencing Revolving Credit (MC) Loans made by such Lender, substantially in the form of Exhibit C-2, either as originally executed or as the same may from time to time be supplemented, modified, amended, renewed, extended or replaced.

**"Revolving Credit (USD) Note"** means a promissory note made by Borrower in favor of a Revolving Credit (USD) Lender or the Swing Line Lender evidencing Revolving Credit (USD) Loans or Swing Line Loans, as the case may be, made by such Lender, substantially in the form of Exhibit C-1, either as originally executed or as the same may from time to time be supplemented, modified, amended, renewed, extended or replaced.

**"Same Day Funds"** means (a) with respect to disbursements and payments in Dollars, immediately available funds, and (b) with respect to disbursements and payments in an Alternative Currency, same day or other funds as may be determined by the Administrative Agent or the Issuing Lender, as the case may be, to be customary in the place of disbursement or payment for the settlement of international banking transactions in the relevant Alternative Currency.

**"Sanction(s)"** means any sanction administered or enforced by the United States Government (including without limitation, OFAC), the United Nations Security Council, the European Union, Her Majesty's Treasury ("HMT") or other relevant sanctions authority.

**"Scheduled Unavailability Date"** means the Non-SOFR Scheduled Unavailability Date and/or the SOFR Scheduled Unavailability Date as the context requires.

**"Senior Note Indebtedness"** means any Indebtedness outstanding or issued under any of the Senior Note Indentures.

**"Senior Note Indentures"** means, collectively, (a) the Indenture dated as of November 20, 2006, made by Borrower, as Issuer, and certain Subsidiaries from time to time parties thereto as guarantors, and Wells Fargo Bank, National Association, as Trustee, pursuant to which Borrower issued its 6.850% Senior Notes due 2036, (b) the Indenture dated as of April 12, 2013, made by Borrower, as Issuer, and certain Subsidiaries from time to time parties thereto as guarantors, and Wells Fargo Bank, National Association, as Trustee, pursuant to which Borrower issued its 4.50% Senior Notes due April 15, 2023, (c) the Indenture dated as of August 3, 2020, made by Borrower, as Issuer, and Wells Fargo Bank, National Association, as Trustee, pursuant to which Borrower issued its 1.300% Senior Notes due August 15, 2025 and its 2.150% Senior Notes due August 15, 2030 and (d) any additional indentures pursuant to which Borrower or its Subsidiaries from time to time issue any senior notes in accordance with the provisions of this Agreement, in each case, as amended, supplemented, refinanced, replaced, exchanged or otherwise modified from time to time.

**“Significant Subsidiary”** means, as of any date of determination, any Subsidiary which (a) has Consolidated Net Tangible Assets equal to or greater than 5% of the Consolidated Net Tangible Assets of Borrower and its Subsidiaries on a consolidated basis, (b) has revenue equal to or greater than 5% of the total revenue of Borrower and its Subsidiaries on a consolidated basis (calculated for the period of four fiscal quarters ending as of the last day of the most recently ended fiscal quarter on or before such date) or (c) owns, directly or indirectly, any Subsidiary that is a Significant Subsidiary pursuant to clauses (a) or (b) above.

**“SOFR”** means the Secured Overnight Financing Rate as administered by the Federal Reserve Bank of New York (or a successor administrator).

**“SOFR Adjustment”** means, with respect to Term SOFR, means 0.10% (10.0 basis points) for an Interest Period of either one-month’s duration, three-month’s duration or six-month’s duration.

**“SOFR Administrator”** means the Federal Reserve Bank of New York, as the administrator of SOFR, or any successor administrator of SOFR designated by the Federal Reserve Bank of New York or other Person acting as the SOFR Administrator at such time that is satisfactory to the Administrative Agent.

**“SOFR Scheduled Unavailability Date”** has the meaning specified in Section 3.3(b)(ii).

**“SOFR Successor Rate”** has the meaning specified in Section 3.3(b).

**“SONIA”** means, with respect to any applicable determination date, the Sterling Overnight Index Average Reference Rate published on the fifth Business Day preceding such date on the applicable Reuters screen page (or such other commercially available source providing such quotations as may be designated by the Administrative Agent from time to time); provided however that if such determination date is not a Business Day, SONIA means such rate that applied on the first Business Day immediately prior thereto.

**“SONIA Adjustment”** means, with respect to SONIA, 0.0326% per annum.

**“SPC”** has the meaning specified in Section 10.6(i).

**“Special Notice Currency”** means at any time an Alternative Currency, other than the currency of a country that is a member of the Organization for Economic Cooperation and Development at such time located in North America or Europe.

**“Sterling”** and **“£”** mean the lawful currency of the United Kingdom.

**“Stockholders’ Equity”** means, as of any date of determination for Borrower and its Subsidiaries on a consolidated basis, stockholders’ equity as of that date determined in accordance with GAAP.

**“Subsidiary”** means, as of any date of determination and with respect to any Person, any corporation, limited liability company or partnership (whether or not, in either case, characterized as such or as a “joint venture”), whether now existing or hereafter organized or acquired: (a) in the case of a corporation or limited liability company, of which a majority of the securities having ordinary voting power for the election of directors or other governing body (other than securities having such power only by reason of the happening of a contingency) are at the time beneficially owned, or the management of which is otherwise controlled, by such Person and/or one or more Subsidiaries of such Person, or (b) in the case of a partnership, of which a majority of the partnership or other ownership interests are at the time beneficially owned, or the management of which is otherwise controlled, by such Person and/or one or more of its Subsidiaries.

**“Successor Rate”** has the meaning specified in Section 3.3(c).

**Swap Contract** means (a) any and all rate swap transactions, basis swaps, credit derivative transactions, forward rate transactions, commodity swaps, commodity options, forward commodity contracts, equity or equity index swaps or options, bond or bond price or bond index swaps or options or forward bond or forward bond price or forward bond index transactions, interest rate options, forward foreign exchange transactions, cap transactions, floor transactions, collar transactions, currency swap transactions, cross-currency rate swap transactions, currency options, spot contracts, or any other similar transactions or any combination of any of the foregoing (including any options to enter into any of the foregoing), whether or not any such transaction is governed by or subject to any master agreement, and (b) any and all transactions of any kind, and the related confirmations, which are subject to the terms and conditions of, or governed by, any form of master agreement published by the International Swaps and Derivatives Association, Inc., any International Foreign Exchange Master Agreement, or any other master agreement (any such master agreement, together with any related schedules, a **Master Agreement**), including any such obligations or liabilities under any Master Agreement.

**Swing Line** means the revolving line of credit established by the Swing Line Lender in favor of Borrower pursuant to Section 2.3.

**Swing Line Borrowing** means a borrowing of a Swing Line Loan pursuant to Section 2.3.

**Swing Line Documents** means a promissory note, if requested by the Swing Line Lender, and any other documents executed by Borrower in favor of the Swing Line Lender in connection with the Swing Line, each in form and substance satisfactory to Borrower, the Swing Line Lender, and Administrative Agent.

**Swing Line Lender** means Bank of America, in its capacity as provider of Swing Line Loans, or any successor swing line lender hereunder.

**Swing Line Loans** means loans made by the Swing Line Lender to Borrower under the Swing Line.

**Swing Line Outstanding** means, as of any date of determination, the aggregate principal Indebtedness of Borrower on all Swing Line Loans then outstanding.

**Swing Line Sublimit** means an amount equal to the lesser of (a) the Aggregate Revolving Credit (USD) Commitments and (b) \$50,000,000. The Swing Line Sublimit is part of, and not in addition to, the Aggregate Revolving Credit (USD) Commitments.

**Synthetic Lease** means, with respect to any Person, (a) a so-called synthetic lease, or (b) an agreement for the use or possession of property creating obligations which do not appear on the balance sheet of such Person but which, upon the insolvency or bankruptcy of such Person, would be characterized as the Indebtedness of such Person (without regard to accounting treatment).

**TARGET2** means the Trans-European Automated Real-time Gross Settlement Express Transfer payment system which utilizes a single shared platform and which was launched on November 19, 2007.

**TARGET Day** means any day on which TARGET2 (or, if such payment system ceases to be operative, such other payment system, if any, determined by Administrative Agent to be a suitable replacement) is open for the settlement of payments in Euro.

**Taxes** means all present or future taxes, levies, imposts, duties, deductions, withholdings (including backup withholding), assessments, fees or other charges imposed by any Governmental Authority, including any interest, additions to tax or penalties applicable thereto.

**Term SOFR** means:

(a) for any Interest Period with respect to a Term SOFR Loan, the rate per annum equal to the Term SOFR Screen Rate two U.S. Government Securities Business Days prior to the commencement of such Interest Period with a term equivalent to such Interest Period; provided that if the rate is not published prior to 11:00 a.m. on such determination date then Term SOFR means the Term SOFR Screen Rate on the first U.S. Government Securities Business Day immediately prior thereto, in each case, plus the SOFR Adjustment for such Interest Period; and

(b) for any interest calculation with respect to a Base Rate Loan on any date, the rate per annum equal to the Term SOFR Screen Rate with a term of one month commencing that day;

provided that if the Term SOFR determined in accordance with either of the foregoing provisions (a) or (b) of this definition would otherwise be less than zero, the Term SOFR shall be deemed zero for purposes of this Agreement.

**"Term SOFR Loan"** means a Loan that bears interest at a rate based on clause (a) of the definition of Term SOFR.

**"Term SOFR Screen Rate"** means the forward-looking SOFR term rate administered by CME (or any successor administrator satisfactory to the Administrative Agent) and published on the applicable Reuters screen page (or such other commercially available source providing such quotations as may be designated by the Administrative Agent from time to time in its reasonable discretion).

**"Total Credit Exposure"** means, as to any Lender at any time, the unused Commitments, Revolving Credit (USD) Exposure and outstanding Revolving Credit (MC) Loans of such Lender at such time.

**"Total Net Leverage Ratio"** means, as of the last day of any Fiscal Quarter (including the last day of a Fiscal Quarter which is also the last day of a Fiscal Year), the ratio, calculated on a consolidated basis for Borrower and its Subsidiaries, of (a) the positive difference of (i) Funded Debt as of such date minus (ii) Domestic Cash as of such date to (b) the sum of (i) the positive difference of (A) Funded Debt as of such date minus (B) Domestic Cash as of such date plus (ii) Stockholders' Equity as of such date. As used herein, **"Domestic Cash"** means the lesser of (a) 100% of unrestricted and unencumbered Cash of Borrower and its Domestic Subsidiaries maintained in the United States and (b) \$200,000,000.

**"Total Revolving Credit (USD) Outstanding"** means the aggregate Outstanding Amount of all Revolving Credit (USD) Loans, Swing Line Loans and Letter of Credit Usage.

**"type"** of Revolving Credit (USD) Loan or Revolving Credit (MC) Loan, as the case may be, means (a) a Base Rate Loan, (b) an Alternative Currency Daily Rate Loan or (c) a Term SOFR Loan or an Eurocurrency Rate Loan, in either case with an Interest Period of one, three or six months thereafter, as selected by Borrower in the Request for Extension of Credit relating thereto. **"type"** means, in respect of Revolving Credit (USD) Loans, Revolving Credit (MC) Loans and Swing Line Loans, their character as such.

**"UCP"** means, with respect to any Letter of Credit, the Uniform Customs and Practice for Documentary Credits, International Chamber of Commerce ("**ICC**") Publication No. 600 (or such later version thereof as may be in effect at the time of issuance).

**"UK Financial Institution"** means any BRRD Undertaking (as such term is defined under the PRA Rulebook (as amended from time to time) promulgated by the United Kingdom Prudential Regulation Authority) or any person subject to IFRU 11.6 of the FCA Handbook (as amended from time to time) promulgated by the United Kingdom Financial Conduct Authority, which includes certain credit institutions and investment firms, and certain affiliates of such credit institutions or investment firms.

**"UK Resolution Authority"** means the Bank of England or any other public administrative authority having responsibility for the resolution of any UK Financial Institution.

**"Unfunded Pension Liability"** means the excess of a Pension Plan's benefit liabilities under Section 4001(a)(16) of ERISA, over the current value of that Pension Plan's assets, determined in accordance with the assumptions used for funding the Pension Plan pursuant to the Pension Funding Rules for the applicable plan year.

**"United States"** and **"U.S."** mean the United States of America.

**"Unreimbursed Amount"** has the meaning specified in Section 2.4(h).

**"U.S. Government Securities Business Day"** means any Business Day, except any Business Day on which any of the Securities Industry and Financial Markets Association, the New York Stock Exchange or the Federal Reserve Bank of New York is not open for business because such day is a legal holiday under the federal laws of the United States or the laws of the State of New York, as applicable.

**"U.S. Person"** means any Person that is a "United States Person" as defined in Section 7701(a)(30) of the Code.

**"Write-Down and Conversion Powers"** means, (a) with respect to any EEA Resolution Authority, the write-down and conversion powers of such EEA Resolution Authority from time to time under the Bail-In Legislation for the applicable EEA Member Country, which write-down and conversion powers are described in the EU Bail-In Legislation Schedule, and (b) with respect to the United Kingdom, any powers of the applicable Resolution Authority under the Bail-In Legislation to cancel, reduce, modify or change the form of a liability of any UK Financial Institution or any contract or instrument under which that liability arises, to convert all or part of that liability into shares, securities or obligations of that person or any other person, to provide that any such contract or instrument is to have effect as if a right had been exercised under it or to suspend any obligation in respect of that liability or any of the powers under that Bail-In Legislation that are related to or ancillary to any of those powers.

**1.2 Use of Defined Terms.** Any defined term used in the plural shall refer to all members of the relevant class, and any defined term used in the singular shall refer to any one or more of the members of the relevant class.

**1.3 Accounting Terms.**

**(a)** All accounting terms not specifically defined in this Agreement shall be construed in conformity with, and all financial data required to be submitted by this Agreement shall be prepared in conformity with, GAAP applied on a consistent basis, except as otherwise specifically prescribed herein, and including, for the avoidance of doubt, giving effect to FASB ASC 842 as adopted by Borrower.

**(b)** If at any time any change in GAAP or the adoption of International Financial Reporting Standards ("**IFRS**") (each an **Accounting Change**) would affect the computation of any financial ratio or requirement set forth in any Loan Document, and either Borrower or the Requisite Lenders shall so request, the Administrative Agent, the Lenders and Borrower shall negotiate in good faith to amend such ratio or requirement to preserve the original intent thereof in light of such Accounting Change (subject to the approval of the Requisite Lenders); provided that, until so amended, (i) such ratio or requirement shall continue to be computed in accordance with GAAP prior to such Accounting Change therein and (ii) Borrower shall provide to the Administrative Agent and the Lenders financial statements and other documents required under this Agreement or as reasonably requested hereunder setting forth a reconciliation between calculations of such ratio or requirement made before and after giving effect to such Accounting Change.

**(c)** Notwithstanding the foregoing, for purposes of determining compliance with any covenant (including the computation of any financial covenant) contained herein, Indebtedness of Borrower and its Subsidiaries shall be deemed to be carried at 100% of the outstanding principal amount thereof, and the effects of FASB ASC 825 and FASB ASC 470-20 on financial liabilities shall be disregarded.

**1.4 Rounding.** Any financial ratios required to be maintained by Borrower pursuant to this Agreement shall be calculated by dividing the appropriate component by the other component, carrying the result to one place more than the number of places by which such ratio is expressed in this Agreement and rounding the result up or down to the nearest number (with a rounding up if there is no nearest number) to the number of places by which such ratio is expressed in this Agreement.

**1.5 Exhibits and Schedules.** All Exhibits and Schedules to this Agreement, either as originally existing or as the same may from time to time be supplemented, modified or amended, are incorporated herein by this reference. A matter disclosed on any Schedule shall be deemed disclosed on all Schedules.

**1.6 Letter of Credit Amounts.** Unless otherwise specified herein, the amount of a Letter of Credit at any time shall be deemed to be the Dollar Equivalent of the stated amount of such Letter of Credit in effect at such time; provided, however, that with respect to any Letter of Credit that, by its terms or the terms of any Issuer Document related thereto, provides for one or more automatic increases in the stated amount thereof, the amount of such Letter of Credit shall be deemed to be the Dollar Equivalent of the maximum stated amount of such Letter of Credit after giving effect to all such increases, whether or not such maximum stated amount is in effect at such time.

**1.7 Miscellaneous Terms.** The term "or" is disjunctive; the term "and" is conjunctive. The term "shall" is mandatory; the term "may" is permissive. Masculine terms also apply to females; feminine terms also apply to males. The term "including" is by way of example and not limitation. Unless the context requires otherwise, any definition of or reference to any agreement, instrument or other document shall be construed as referring to such agreement, instrument or other document as from time to time amended, supplemented, refinanced, replaced, exchanged or otherwise modified (subject to any restrictions on such amendments, supplements, refinancings, replacements, exchanges or modifications set forth herein or in any other Loan Document).

**1.8 Exchange Rates; Currency Equivalents.**

(a) Administrative Agent or the Issuing Lender, as the case may be, shall determine the Dollar Equivalent amounts of Extensions of Credit and Outstanding Amounts denominated in Alternative Currencies. Such Dollar Equivalent shall become effective as of such Revaluation Date and shall be the Dollar Equivalent of such amounts until the next Revaluation Date to occur. Except for purposes of financial

statements delivered by the Borrower hereunder or calculating financial covenants hereunder or except as otherwise provided herein, the applicable amount of any currency (other than Dollars) for purposes of the Loan Documents shall be such Dollar Equivalent amount as so determined by the Administrative Agent or the Issuing Lender, as the case may be.

(b) Wherever in this Agreement in connection with a Revolving Credit (MC) Borrowing, Conversion, Continuation or prepayment of an Alternative Currency Loan or the issuance, amendment or extension of a Letter of Credit, an amount, such as a required minimum or multiple amount, is expressed in Dollars, but such Revolving Credit (MC) Borrowing, Loan or Letter of Credit is denominated in an Alternative Currency, such amount shall be the relevant Alternative Currency Equivalent of such Dollar amount (rounded to the nearest unit of such Alternative Currency, with 0.5 of a unit being rounded upward), as determined by Administrative Agent or the Issuing Lender, as the case may be.

(c) For purposes of determining compliance with Section 7, no Default or Event of Default shall be deemed to have occurred solely as a result of changes in the Dollar Equivalent occurring after the time any Lien or Indebtedness is created or incurred.

**1.9 Additional Alternative Currencies.**

(a) Borrower may from time to time request that Revolving Credit (MC) Loans that are Alternative Currency Loans be made and/or Letters of Credit be issued in a currency other than those specifically listed in the definition of "Alternative Currency;" provided

that such requested currency is an Eligible Currency. In the case of any such request with respect to the making of Alternative Currency Loans, such request shall be subject to the approval of Administrative Agent and each Revolving Credit (MC) Lender; and in the case of any such request with respect to the issuance of Letters of Credit, such request shall be subject to the approval of Administrative Agent and the Issuing Lender.

(b) Any such request shall be made to Administrative Agent not later than 11:00 a.m. (California time), 20 Business Days prior to the date of the desired Extension of Credit (or such other time or date as may be agreed by the Administrative Agent and, in the case of any such request pertaining to Letters of Credit, the Issuing Lender, in its or their sole discretion). In the case of any such request pertaining to Alternative Currency Loans, Administrative Agent shall promptly notify each Revolving Credit (MC) Lender thereof; and in the case of any such request pertaining to Letters of Credit, Administrative Agent shall promptly notify the Issuing Lender thereof. Each Revolving Credit (MC) Lender (in the case of any such request pertaining to Alternative Currency Loans) or the Issuing Lender (in the case of any such request pertaining to Letters of Credit) shall notify Administrative Agent, not later than 11:00 a.m. (California time), ten Business Days after receipt of such request whether it consents, in its sole discretion, to the making of Alternative Currency Loans or the issuance of Letters of Credit, as the case may be, in such requested currency.

(c) Any failure by a Revolving Credit (MC) Lender or the Issuing Lender, as the case may be, to respond to such request within the time period specified in subsection (b) above shall be deemed to be a refusal by such Lender or the Issuing Lender, as the case may be, to permit Alternative Currency Loans to be made or Letters of Credit to be issued in such requested currency. If Administrative Agent and all the Revolving Credit (MC) Lenders consent to making Alternative Currency Loans in such requested currency and Administrative Agent and such Lenders reasonably determine that an appropriate interest rate is available to be used for such requested currency, Administrative Agent shall so notify Borrower and (i) the Administrative Agent, the Borrower and such Lenders may amend the definition of Alternative Currency Daily Rate or Alternative Currency Term Rate to the extent necessary to add the applicable rate for such currency and any applicable adjustment for such rate that is agreed by the Borrower, the Administrative Agent, and the Lenders, if any, and (ii) to the extent the definition of Alternative Currency Daily Rate or

Alternative Currency Term Rate, as applicable, has been amended to reflect the appropriate rate for such currency, such currency shall thereupon be deemed for all purposes to be an Alternative Currency hereunder for purposes of any Revolving Credit (MC) Borrowings of Alternative Currency Loans. If Administrative Agent and the Issuing Lender consent to the issuance of Letters of Credit in such requested currency, Administrative Agent shall so notify Borrower and (i) Administrative Agent, the Borrower and the Issuing Lender may amend the definition of Alternative Currency Daily Rate or Alternative Currency Term Rate, as applicable, to the extent necessary to add the applicable rate for such currency and any applicable adjustment for such rate and (ii) to the extent the definition of Alternative Currency Daily Rate or Alternative Currency Term Rate, as applicable, has been amended to reflect the appropriate rate for such currency, such currency shall thereupon be deemed for all purposes to be an Alternative Currency hereunder, for purposes of any Letter of Credit issuances. If Administrative Agent shall fail to obtain consent to any request for an additional currency under this Section 1.9, Administrative Agent shall promptly so notify Borrower.

#### 1.10 Change of Currency.

(a) Each obligation of Borrower to make a payment denominated in the national currency unit of any member state of the European Union that adopts the Euro as its lawful currency after the date hereof shall be redenominated into Euro at the time of such adoption. If, in relation to the currency of any such member state, the basis of accrual of interest expressed in this Agreement in respect of that currency shall be inconsistent with any convention or practice in the interbank market for the basis of accrual of interest in respect of the Euro, such expressed basis shall be replaced by such convention or practice with effect from the date on which such member state adopts the Euro as its lawful currency; provided that if any Revolving Credit (MC) Borrowing in the currency of such member state is outstanding immediately prior to such date, such replacement shall take effect, with respect to such Revolving Credit (MC) Borrowing, at the end of the then current Interest Period.

(b) Each provision of this Agreement relating to the funding or maintenance of, or the performance by any Lender of any obligation with respect to, any Loan denominated in Euros shall be subject to such reasonable changes of construction as Administrative Agent may from time to time specify to be appropriate to reflect the adoption of the Euro by any member state of the European Union and any relevant market conventions or practices relating to the Euro.

(c) Each provision of this Agreement pertaining relating to the funding or maintenance of, or the performance by any Lender of any obligation with respect to, any Loan denominated in any Alternative Currency (other than Euro) also shall be subject to such reasonable changes of construction as Administrative Agent may from time to time reasonably specify to be appropriate to reflect a change in currency of any other country and any relevant market conventions or practices relating to the change in currency.

**1.11 Interest Rates.** The Administrative Agent does not warrant, nor accept responsibility for, nor shall the Administrative Agent have any liability with respect to, the administration, submission or any other matter related to any reference rate referred to herein or with respect to any rate (including, for the avoidance of doubt, the selection of such rate and any related spread or other adjustment) that is an alternative or replacement for or successor to any such rate (including, without limitation, any Successor Rate) (or any component of any of the foregoing) or the effect of any of the foregoing, or of any Conforming Changes. The Administrative Agent and its affiliates or other related entities may engage in transactions or other activities that affect any reference rate referred to herein, or any alternative, successor or replacement rate (including, without limitation, any Successor Rate) (or any component of any of the foregoing) or any related spread or other adjustments thereto, in each case, in a manner adverse to the Borrower. The Administrative Agent may select information sources or services in its reasonable discretion

to ascertain any reference rate referred to herein or any alternative, successor or replacement rate (including, without limitation, any Successor Rate) (or any component of any of the foregoing), in each case pursuant to the terms of this Agreement, and shall have no liability to the Borrower, any Lender or any other Person for damages of any kind, including direct or indirect, special, punitive, incidental or consequential damages, costs, losses or expenses (whether in tort, contract or otherwise and whether at law or in equity), for any error or other action or omission related to or affecting the selection, determination, or calculation of any rate (or component thereof) provided by any such information source or service.

**1.12 Division.** Any reference herein to a merger, amalgamation, consolidation, assignment, sale, disposition or transfer, or similar term, shall be deemed to apply to a division of or by a limited liability company, or an allocation of assets to a series of a limited liability company (or the unwinding of such a division or allocation), as if it were a merger, amalgamation, consolidation, assignment, sale, disposition or transfer, or similar term, as applicable, to, of or with a separate Person. Any division of a limited liability company shall constitute a separate Person hereunder (and each division of any limited liability company that is a Subsidiary, joint venture or any other like term shall also constitute such a Person).

## SECTION 2

### COMMITMENTS; INTEREST, FEES AND PAYMENT PROCEDURES

#### 2.1 Loans.

(a) Revolving Credit (USD) Loans. Subject to the terms and conditions set forth in this Agreement, each Revolving Credit (USD) Lender severally agrees, to make, Convert and Continue Revolving Credit (USD) Loans to Borrower in Dollars during the Availability Period as Borrower may request; provided, however, that after giving effect to any Revolving Credit (USD) Borrowing, (i) the aggregate Total Revolving Credit (USD) Outstandings shall not exceed the Aggregate Revolving Credit (USD) Commitments and (ii) the Revolving Credit (USD) Exposure of any Revolving Credit (USD) Lender shall not exceed such Lender's Revolving Credit (USD) Commitment; provided, further, that the Revolving Credit (USD) Commitments of Lenders shall be adjusted to give effect to any assignments of the Revolving Credit (USD) Commitments pursuant to Section 10.6. Subject to the foregoing and other terms and

conditions hereof, Borrower may borrow, Convert, Continue, prepay and re-borrow Revolving Credit (USD) Loans as set forth herein without premium or penalty.

(b) **Revolving Credit (MC) Loans.** Subject to the terms and conditions set forth in this Agreement, each Revolving Credit (MC) Lender severally agrees, to make, Convert and Continue Revolving Credit (MC) Loans to Borrower in Dollars or in one or more Alternative Currencies during the Availability Period with respect to the Revolving Credit (MC) Facility as Borrower may request; provided, however, that after giving effect to any Revolving Credit (MC) Borrowing, (i) the aggregate Outstanding Amount of all Revolving Credit (MC) Loans of all Revolving Credit (MC) Lenders shall not exceed the Aggregate Revolving Credit (MC) Commitments and (ii) the aggregate Outstanding Amount of all Revolving Credit (MC) Loans of any Revolving Credit (MC) Lender shall not exceed such Lender's Revolving Credit (MC) Commitment; provided, further, that the Revolving Credit (MC) Commitments of Lenders shall be adjusted to give effect to any assignments of the Revolving Credit (MC) Commitments pursuant to Section 10.6. Subject to the foregoing and other terms and conditions hereof, Borrower may borrow, Convert, Continue, prepay and reborrow Revolving Credit (MC) Loans as set forth herein without premium or penalty.

(c) **Evidence of Debt.** Loans made by each Lender shall be evidenced by one or more loan accounts or records maintained by such Lender in the ordinary course of business. Upon the request of any Lender made through Administrative Agent, such Lender's Loans may be evidenced by one or more Notes, instead of or in addition to loan accounts. Each such Lender may endorse on the schedules annexed to its

Note(s) the date, amount, currency and maturity of its Loans and payments with respect thereto. Such loan accounts, records or Notes shall be conclusive absent manifest error of the amount of such Loans and payments thereon. Any failure so to record or any error in doing so shall not, however, limit or otherwise affect the obligation of Borrower to pay any amount owing with respect to the Loans.

## 2.2 **Borrowings, Conversions and Continuations of Loans.**

(a) Borrower may irrevocably request a Borrowing, Conversion or Continuation of Revolving Credit (USD) Loans or Revolving Credit (MC) Loans, as the case may be, in a Minimum Amount therefor by delivering a duly completed Request for Extension of Credit therefor by Requisite Notice to Administrative Agent not later than the Requisite Time therefor. Unless properly and timely otherwise designated as set forth in the preceding sentence, (i) all requested Borrowings of Revolving Credit (USD) Loans or Revolving Credit (MC) Loans shall be made as Base Rate Loans and (ii) on the last day of the Interest Period with respect to any Term SOFR Loan or Alternative Currency Term Rate Loan, such Loan shall be automatically Converted into a Base Rate Loan; provided, however, that in the case of a failure to timely request a Continuation of Revolving Credit (MC) Loans denominated in an Alternative Currency, such Loans shall be continued as Alternative Currency Term Rate Loans in their original currency with an Interest Period of one month. If Borrower fails to specify a currency in a Request for Extension of Credit requesting a Revolving Credit (MC) Borrowing, then the Revolving Credit (MC) Loans so requested shall be made in Dollars. No Revolving Credit (MC) Loan may be Converted into or Continued as a Revolving Credit (MC) Loan denominated in a different currency, but instead must be prepaid in the original currency of such Revolving Credit (MC) Loan and reborrowed in the other currency.

(b) Promptly following receipt of a Request for Extension of Credit, Administrative Agent shall notify each Lender of the currency of such Extension of Credit and its Pro Rata Share thereof by Requisite Notice. In the case of a Borrowing of Loans, each Lender shall make its Loan available to Administrative Agent in Same Day Funds at Administrative Agent's Office for the applicable currency not later than the Requisite Time therefor (or, in the case of a Revolving Credit (MC) Loan in an Alternative Currency, not later than the Applicable Time therefor) on the Business Day specified in such Request for Extension of Credit. Upon satisfaction or waiver of the applicable conditions set forth in Section 4, all funds so received shall be made available to Borrower in like funds received.

(c) Administrative Agent shall promptly notify Borrower and Lenders of the interest rate applicable to any Interest Period of Term SOFR Loans or Alternative Currency Term Rate Loans upon determination thereof.

(d) Unless Administrative Agent and the Requisite Revolving Credit (USD) Lenders otherwise consent, there shall not be more than ten different Interest Periods in effect in respect of the Revolving Credit (USD) Facility at any one time. Unless Administrative Agent and the Requisite Revolving Credit (MC) Lenders otherwise consent, there shall not be more than ten different Interest Periods in effect in respect of the Revolving Credit (MC) Facility at any one time.

(e) Without limiting the requirements of Section 4.2, no Loans other than Base Rate Loans may be requested or continued during the existence of an Event of Default. During the existence of an Event of Default, the Requisite Lenders may determine that any or all of the then outstanding Term SOFR Loans and Alternative Currency Term Rate Loans shall be Converted to Base Rate Loans. Such Conversion shall be effective upon notice to Borrower from Administrative Agent and shall continue so long as such Event of Default continues to exist. During the existence of an Event of Default, the Requisite Revolving Credit (MC) Lenders may demand that any or all of the then outstanding Alternative Currency Loans be prepaid, or redenominated into Dollars in the amount of the Dollar Equivalent thereof, on the last day of the then

current Interest Period with respect thereto (in the case of Alternative Currency Term Rate Loans) or immediately (in the case of Alternative Currency Daily Rate Loans).

(f) Subject to reallocation pursuant to Section 2.14 and 2.16, if a Loan is to be made on the same date that another Loan of the same type and in the same currency is due and payable, Borrower or Lenders, as the case may be, shall make available to Administrative Agent the net amount of funds giving effect to both such Loans and the effect for purposes of this Agreement shall be the same as if separate transfers of funds had been made with respect to each such Loan.

(g) The failure of any Lender to make any Loan on any date shall not relieve any other Lender of any obligation to make a Loan on such date, but no Lender shall be responsible for the failure of any other Lender to so make its Loan.

(h) Notwithstanding anything to the contrary in this Agreement, any Lender may exchange, continue or rollover all of the portion of its Loans in connection with any refinancing, extension, loan modification or similar transaction permitted by the terms of this Agreement, pursuant to a cashless settlement mechanism approved by Borrower, the Administrative Agent, and such Lender.

(i) With respect to any Alternative Currency Daily Rate, Term SOFR or SOFR, the Administrative Agent will have the right to make Conforming Changes (in consultation with the Borrower) from time to time and, notwithstanding anything to the contrary herein or in any other Loan Document, any amendments implementing such Conforming Changes will become effective without any further action or consent of any other party to this Agreement or any other Loan Document; provided that, with respect to any such amendment effected, the Administrative Agent shall post each such amendment implementing such Conforming Changes to the Borrower and the Lenders reasonably promptly after such amendment becomes effective.

### 2.3 **Swing Line**

(a) Subject to the terms and conditions set forth herein, the Swing Line Lender may, in its sole discretion and in reliance upon the agreements of the other Revolving Credit (USD) Lenders set forth in this Section 2.3, from time to time during the Availability Period with respect to the Revolving Credit (USD) Facility, make Swing Line Loans to Borrower in Dollars in such amounts as Borrower may request, provided that (i) after giving effect to any Swing Line Loan, the Swing Line Outstandings do not exceed the Swing Line Sublimit and (ii) without the consent of all of Revolving Credit (USD) Lenders, no Swing Line Loan may be made during the continuation of an Event of Default; provided, further, that after giving effect to any Swing Line Loan, (x) the Total Revolving Credit (USD) Outstandings shall not exceed the Aggregate Revolving Credit (USD) Commitments, and (y) the Revolving Credit (USD) Exposure of any Revolving Credit (USD) Lender shall not exceed such Lender's Revolving Credit (USD) Commitment; and provided, further, that the Swing Line Lender shall not make any Swing Line Loan to refinance any outstanding Swing Line Loan. Within the foregoing limits, and subject to the other terms and conditions hereof, Borrower may borrow, repay and reborrow under this Section. Unless notified to the

contrary by the Swing Line Lender, Borrowings under the Swing Line may be made in amounts which are integral multiples of \$500,000 ("integral amount") upon Requisite Notice made to the Swing Line Lender not later than 1:00 p.m. California time. Promptly after receipt of such a request for Borrowing, the Swing Line Lender shall obtain telephonic verification from Administrative Agent that, giving effect to such request, availability for Loans will exist under Section 2.1(a) (and such verification shall be promptly confirmed in writing by facsimile or other electronic means approved by the Swing Line Lender). Unless notified to the contrary by the Swing Line Lender, each repayment of a Swing Line Loan shall be in an amount which is an integral multiple of the integral amount. The Swing Line Lender shall promptly notify Administrative Agent of the Swing Line Outstandings each time there is a change therein.

(b) Subject to Section 2.7(c), Swing Line Loans shall bear interest at a fluctuating rate per annum equal to the Base Rate plus the Applicable Margin or, if Borrower so requests, a fixed rate of interest quoted by Swing Line Lender and agreed to by Borrower, for an interest period quoted by Swing Line Lender and agreed to by Borrower, but for a period not longer than ten Business Days, payable on such dates, as may be specified by the Swing Line Lender and in any event on the Maturity Date. Interest on Swing Line Loans shall be payable upon demand of the Swing Line Lender, and the Swing Line Lender shall be responsible for invoicing Borrower for such interest. The interest payable on Swing Line Loans is solely for the account of the Swing Line Lender, until each Revolving Credit (USD) Lender funds its Base Rate Loan or risk participation pursuant to subsection (d) or (e) below.

(c) Each Swing Line Loan shall be payable (and Borrower agrees to repay) on the earlier of demand made by the Swing Line Lender or the tenth Business Day after the funding of the Swing Line Loan.

(d) Upon the making of a Swing Line Loan, each Revolving Credit (USD) Lender shall be deemed to have purchased from the Swing Line Lender a participation therein in an amount equal to that Revolving Credit (USD) Lender's Pro Rata Revolving Credit (USD) Share times the amount of the Swing Line Loan. Upon demand made by the Swing Line Lender, each Revolving Credit (USD) Lender shall, according to its Pro Rata Revolving Credit (USD) Share, promptly provide to the Swing Line Lender its purchase price therefor in an amount equal to its participation therein. The obligation of each Revolving Credit (USD) Lender to so provide its purchase price to the Swing Line Lender shall be absolute and unconditional and shall not be affected by the occurrence of a Default, an Event of Default or any other occurrence or event.

(e) In the event that any Swing Line Loan is outstanding for more than ten Business Days, then on the next Business Day (unless Borrower has made other arrangements acceptable to the Swing Line Lender to repay the Swing Line Loan), Borrower shall request a Revolving Credit (USD) Loan in a Minimum Amount necessary to repay the Swing Line Loan in full. In the event that Borrower fails to request a Revolving Credit (USD) Loan within the Requisite Time therefor, Administrative Agent may, but is not required to, without notice to or the consent of Borrower, cause Revolving Credit (USD) Loans that are Base Rate Loans to be made by Revolving Credit (USD) Lenders in the Minimum Amount necessary to repay the Swing Line Loan in full and, for this purpose, the conditions precedent set forth in Section 4 shall not apply. The proceeds of such Revolving Credit (USD) Loans shall be paid to the Swing Line Lender for application to the applicable Swing Line Loan. Upon demand made by the Swing Line Lender, each Revolving Credit (USD) Lender shall promptly fund its respective Pro Rata Revolving Credit (USD) Share of Revolving Credit (USD) Loans as required to repay Swing Line Loans outstanding to the Swing Line Lender. The obligation of each Revolving Credit (USD) Lender to make such Revolving Credit (USD) Loans shall be absolute and unconditional and shall not be affected by the occurrence of a Default, an Event of Default or any other occurrence or event.

#### 2.4 Letters of Credit.

(a) Subject to the terms and conditions set forth herein, (i) the Issuing Lender agrees, in reliance upon the agreements of Revolving Credit (USD) Lenders set forth in this Section 2.4, to (x) from time to time on any Business Day during the period from the Effective Date until the Letter of Credit Expiration Date, to issue Letters of Credit denominated in Dollars or an Alternative Currency for the account of Borrower or its Subsidiaries, and to amend or extend Letters of Credit previously issued by it, in accordance with this

Section, and (y) to honor drawings under the Letters of Credit; and (ii) the Revolving Credit (USD) Lenders severally agree to participate in Letters of Credit issued for the account of Borrower or its Subsidiaries and any drawings thereunder; provided that after giving effect to any Letter of Credit Extension with respect to any Letter of Credit (x) the Total Revolving Credit (USD) Outstandings shall not

exceed the Aggregate Revolving Credit (USD) Commitments, (y) the Revolving Credit (USD) Exposure of any Revolving Credit (USD) Lender shall not exceed such Lender's Revolving Credit (USD) Commitment, and (z) the Outstanding Amount of the Letter of Credit Usage shall not exceed the Letter of Credit Sublimit. Each Letter of Credit shall be in a form acceptable to the Issuing Lender. The term of a Letter of Credit shall not exceed the Letter of Credit Expiration Date unless (A) the Revolving Credit (USD) Lenders and the Issuing Lender have approved the expiry date of such Letter of Credit, which expiry date shall be no later than 180 days after the Letter of Credit Expiration Date, and (B) the Issuing Lender has entered into arrangements, including the delivery of Cash Collateral, satisfactory to the Issuing Lender (in its sole discretion) with Borrower with respect to such Letter of Credit (it being understood that the obligation of a Revolving Credit (USD) Lender to participate in any Letter of Credit Usage with respect to any Letter of Credit so issued shall not extend beyond the Letter of Credit Expiration Date absent the express written consent of such Lender to the contrary). Each commercial Letter of Credit will require drafts drawn at sight.

(b) Borrower may irrevocably request the issuance, supplement, modification, amendment, renewal, or extension of a Letter of Credit by delivering a duly completed Letter of Credit Application therefor to the Issuing Lender, with a copy to Administrative Agent, by Requisite Notice not later than the Requisite Time therefor; provided, however, that for such requests the Requisite Notice must be in writing. In the case of a request for an initial issuance of a Letter of Credit, such Letter of Credit Application shall specify in form and detail satisfactory to the Issuing Lender: (A) the proposed issuance date of the requested Letter of Credit (which shall be a Business Day); (B) the amount thereof; (C) the expiry date thereof; (D) the name and address of the beneficiary thereof; (E) the documents to be presented by such beneficiary in case of any drawing thereunder; (F) the full text of any certificate to be presented by such beneficiary in case of any drawing thereunder; (G) the purpose and nature of the requested Letter of Credit; and (H) such other matters as the Issuing Lender may require. In the case of a request for an amendment of any outstanding Letter of Credit, such Letter of Credit Application shall specify in form and detail satisfactory to the Issuing Lender: (A) the Letter of Credit to be amended; (B) the proposed date of amendment thereof (which shall be a Business Day); (C) the nature of the proposed amendment; and (D) such other matters as the Issuing Lender may require. Additionally, Borrower shall furnish to the Issuing Lender and the Administrative Agent such other documents and information pertaining to such requested Letter of Credit issuance or amendment, including any Issuer Documents, as the Issuing Lender or the Administrative Agent may require. This Agreement shall control in the event of any conflict with any Issuer Document.

(c) Promptly after receipt of any Letter of Credit Application, the Issuing Lender will confirm with the Administrative Agent (by telephone or in writing) that the Administrative Agent has received a copy of such Letter of Credit Application from Borrower and, if not, the Issuing Lender will provide the Administrative Agent with a copy thereof. Unless the Issuing Lender has received written notice from any Revolving Credit (USD) Lender, the Administrative Agent or Borrower, at least one Business Day prior to the requested date of issuance or amendment of the applicable Letter of Credit, that one or more applicable conditions contained in Section 4.2 shall not then be satisfied, then, subject to the terms and conditions hereof, the Issuing Lender shall, on the requested date, issue a Letter of Credit for the account of Borrower (or the applicable Subsidiary) or enter into the applicable amendment, as the case may be, in each case in accordance with the Issuing Lender's usual and customary business practices. Immediately upon the issuance of each Letter of Credit, each Revolving Credit (USD) Lender shall be deemed to, and hereby irrevocably and unconditionally agrees to, purchase from the Issuing Lender a risk participation in such Letter of Credit in an amount equal to the product of such Lender's Pro Rata Revolving Credit (USD) Share times the amount of such Letter of Credit.

(d) The Issuing Lender shall not be under any obligation to issue any Letter of Credit if: (i) any order, judgment or decree of any Governmental Authority or arbitrator shall by its terms purport to enjoin or restrain the Issuing Lender from issuing the Letter of Credit, or any Law applicable to the Issuing

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Lender or any request or directive (whether or not having the force of law) from any Governmental Authority with jurisdiction over the Issuing Lender shall prohibit, or request that the Issuing Lender refrain from, the issuance of letters of credit generally or the Letter of Credit in particular or shall impose upon the Issuing Lender with respect to the Letter of Credit any restriction, reserve or capital requirement (for which the Issuing Lender is not otherwise compensated hereunder) not in effect on the Effective Date, or shall impose upon the Issuing Lender any unreimbursed loss, cost or expense which was not applicable on the Effective Date and which the Issuing Lender in good faith deems material to it; (ii) the issuance of the Letter of Credit would violate one or more policies of the Issuing Lender applicable to letters of credit generally; (iii) the Letter of Credit is to be denominated in a currency other than Dollars or an Alternative Currency approved by the Issuing Lender; (iv) any Revolving Credit (USD) Lender is at that time a Defaulting Lender, unless the Issuing Lender has entered into arrangements, including the delivery of Cash Collateral, satisfactory to the Issuing Lender (in its sole discretion) with Borrower or such Lender to eliminate the Issuing Lender's actual or potential Fronting Exposure (after giving effect to Section 2.16(a)(iv)) with respect to the Defaulting Lender arising from either the Letter of Credit then proposed to be issued or that Letter of Credit and all other Letter of Credit Usage as to which the Issuing Lender has actual or potential Fronting Exposure, as it may elect in its sole discretion; (v) the Letter of Credit contains any provisions for automatic reinstatement of the stated amount after any drawing thereunder; or (vi) the Issuing Lender does not as of the issuance date of the requested Letter of Credit issue Letters of Credit in the requested currency.

(e) The Issuing Lender shall be under no obligation to amend any Letter of Credit if (x) the Issuing Lender would have no obligation at such time to issue the Letter of Credit in its amended form under the terms hereof, or (y) the beneficiary of the Letter of Credit does not accept the proposed amendment to the Letter of Credit.

(f) The Issuing Lender shall act on behalf of the Revolving Credit (USD) Lenders with respect to any Letters of Credit issued by it and the documents associated therewith, and the Issuing Lender shall have all of the benefits and immunities (i) provided to the Administrative Agent in Section 9 with respect to any acts taken or omissions suffered by the Issuing Lender in connection with Letters of Credit issued by it or proposed to be issued by it and Issuer Documents pertaining to such Letters of Credit as fully as if the term "Administrative Agent" as used in Section 9 included the Issuing Lender with respect to such acts or omissions, and (ii) as additionally provided herein with respect to the Issuing Lender. Without limitation of the foregoing, each Lender and Borrower agree that, in paying any drawing under a Letter of Credit, the Issuing Lender shall not have any responsibility to obtain any document (other than any sight draft, certificates and documents expressly required by the Letter of Credit) or to ascertain or inquire as to the validity or accuracy of any such document or the authority of the Person executing or delivering any such document. None of the Issuing Lender, the Administrative Agent, any of their respective Related Parties nor any correspondent, participant or assignee of the Issuing Lender shall be liable to any Lender for (i) any action taken or omitted in connection herewith at the request or with the approval of the Revolving Credit (USD) Lenders or the Requisite Revolving Credit (USD) Lenders, as applicable; (ii) any action taken or omitted in the absence of gross negligence or willful misconduct; or (iii) the due execution, effectiveness, validity or enforceability of any document or instrument related to any Letter of Credit or Issuer Document. Borrower hereby assumes all risks of the acts or omissions of any beneficiary or transferee with respect to its use of any Letter of Credit; provided, that this assumption is not intended to, and shall not, preclude Borrower's pursuing such rights and remedies as it may have against the beneficiary or transferee at law or under any other agreement.

(g) If Borrower so requests in any applicable Letter of Credit Application, the Issuing Lender may, in its sole discretion, agree to issue a Letter of Credit that has automatic extension provisions (each, an "Auto-Extension Letter of Credit"); provided that any such Auto-Extension Letter of Credit must permit the Issuing Lender to prevent any such extension at least once in each twelve-month period

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(commencing with the date of issuance of such Letter of Credit) by giving prior notice to the beneficiary thereof not later than a day (the **"Non-Extension Notice Date"**) in each such twelve-month period to be agreed upon at the time such Letter of Credit is issued. Unless otherwise directed by the Issuing Lender, Borrower shall not be required to make a specific request to the Issuing Lender for any such extension. Once an Auto-Extension Letter of Credit has been issued, the Revolving Credit (USD) Lenders shall be deemed to have authorized (but may not require) the Issuing Lender to permit the extension of such Letter of Credit at any time to an expiry date not later than the Letter of Credit Expiration Date; provided, however, that the Issuing Lender shall not permit any such extension if (A) the Issuing Lender has determined that it would not be permitted at such time to issue such Letter of Credit in its revised form (as extended) under the terms hereof, or (B) it has received notice (which may be by telephone or in writing) on or before the day that is seven Business Days before the Non-Extension Notice Date (1) from the Administrative Agent that the Requisite Revolving Credit (USD) Lenders have elected not to permit such extension or (2) from the Administrative Agent, any Revolving Credit (USD) Lender or Borrower that one or more of the applicable conditions specified in Section 4.2 is not then satisfied, and in each such case directing the Issuing Lender not to permit such extension.

(h) Upon receipt from the beneficiary of any Letter of Credit of any notice of a drawing under such Letter of Credit, the Issuing Lender shall notify Borrower and the Administrative Agent thereof. In the case of a Letter of Credit denominated in an Alternative Currency, Borrower shall reimburse the Issuing Lender in such Alternative Currency, unless (i) the Issuing Lender (at its option) shall have specified in such notice that it will require reimbursement in Dollars, or (ii) in the absence of any such requirement for reimbursement in Dollars, Borrower shall have notified the Issuing Lender promptly following receipt of the notice of drawing that Borrower will reimburse the Issuing Lender in Dollars. In the case of any such reimbursement in Dollars of a drawing under a Letter of Credit denominated in an Alternative Currency, the Issuing Lender shall notify Borrower of the Dollar Equivalent of the amount of the drawing promptly following the determination thereof. Not later than 11:00 a.m. California time on the date of any payment by the Issuing Lender under a Letter of Credit to be reimbursed in Dollars, or the Applicable Time on the date of any payment by the Issuing Lender under a Letter of Credit to be reimbursed in an Alternative Currency (each such date, an **"Honor Date"**), Borrower shall reimburse the Issuing Lender through the Administrative Agent in an amount equal to the amount of such drawing and in the applicable currency. In the event that (A) a drawing or payment denominated in an Alternative Currency is to be reimbursed in Dollars pursuant to the second sentence in this Section 2.4(h) and (B) the Dollar amount paid by Borrower, whether on or after the Honor Date, shall not be adequate on the date of that payment to purchase in accordance with normal banking procedures a sum denominated in an Alternative Currency equal to the drawing or payment, Borrower agrees, as a separate and independent obligation, to indemnify the Issuing Lender for the loss resulting from its inability on that date to purchase such Alternative Currency in the full amount of the drawing or payment. If Borrower fails to so reimburse the Issuing Lender by such time, the Administrative Agent shall promptly notify each Revolving Credit (USD) Lender of the Honor Date, the amount of the unreimbursed drawing (expressed in Dollars in the amount of the Equivalent thereof in the case of a Letter of Credit denominated in an Alternative Currency) the **"Unreimbursed Amount"**, and the amount of such Lender's Pro Rata Revolving Credit (USD) Share thereof. In such event, Borrower shall be deemed to have requested a Revolving Credit (USD) Borrowing of Base Rate Loans to be disbursed on the Honor Date in an amount equal to the Unreimbursed Amount, without regard to the minimum and multiples specified in Section 2.2 for the principal amount of Base Rate Loans, but subject to the amount of the unutilized portion of the Aggregate Revolving Credit (USD) Commitments and the conditions set forth in Section 4.2 (other than the delivery of a Request for Extension of Credit). Any notice given by the Issuing Lender or the Administrative Agent pursuant to this Section 2.4(h) may be given by telephone if immediately confirmed in writing; provided that the lack of such an immediate confirmation shall not affect the conclusiveness or binding effect of such notice. Each Revolving Credit (USD) Lender shall upon any notice pursuant to this Section 2.4(h) make funds available (and the Administrative Agent may apply Cash Collateral provided for this purpose) for the account of the Issuing Lender at the Administrative Agent's

Office for Dollar-denominated payments in an amount equal to its Pro Rata Revolving Credit (USD) Share of the Unreimbursed Amount not later than 1:00 p.m. California time on the Business Day specified in such notice by the Administrative Agent, whereupon, subject to the provisions of Section 2.4(i), each Revolving Credit (USD) Lender that so makes funds available shall be deemed to have made a Revolving Credit (USD) Loan that is a Base Rate Loan to Borrower in such amount. The Administrative Agent shall remit the funds so received to the Issuing Lender. Until each Revolving Credit (USD) Lender funds its Revolving Credit (USD) Loan or Letter of Credit Advance pursuant to this Section 2.4(h) to reimburse the Issuing Lender for any amount drawn under any Letter of Credit, interest in respect of such Lender's Pro Rata Revolving Credit (USD) Share of such amount shall be solely for the account of the Issuing Lender.

(i) With respect to any Unreimbursed Amount that is not fully refinanced by a Revolving Credit (USD) Borrowing of Base Rate Loans because the conditions set forth in Section 4.2 cannot be satisfied or for any other reason, Borrower shall be deemed to have incurred from the Issuing Lender a Letter of Credit Borrowing in the amount of the Unreimbursed Amount that is not so refinanced, which Letter of Credit Borrowing shall be due and payable on demand (together with interest) and shall bear interest at the Default Rate. In such event, each Revolving Credit (USD) Lender's payment to the Administrative Agent for the account of the Issuing Lender pursuant to Section 2.4(h) shall be deemed payment in respect of its participation in such Letter of Credit Borrowing and shall constitute a Letter of Credit Advance from such Lender in satisfaction of its participation obligation under this Section 2.4.

(j) Each Revolving Credit (USD) Lender's obligation to make Revolving Credit (USD) Loans or Letter of Credit Advances to reimburse the Issuing Lender for amounts drawn under Letters of Credit, as contemplated by this Section 2.4, shall be absolute and unconditional and shall not be affected by any circumstance, including (A) any setoff, counterclaim, recoupment, defense or other right which such Lender may have against the Issuing Lender, Borrower or any other Person for any reason whatsoever; (B) the occurrence or continuance of a Default or an Event of Default, or (C) any other occurrence, event or condition, whether or not similar to any of the foregoing; provided, however, that each Revolving Credit (USD) Lender's obligation to make Revolving Credit (USD) Loans pursuant to this Section 2.4 is subject to the conditions set forth in Section 4.2 (other than delivery by Borrower of a Request for Extension of Credit). No such making of a Letter of Credit Advance shall relieve or otherwise impair the obligation of Borrower to reimburse the Issuing Lender for the amount of any payment made by the Issuing Lender under any Letter of Credit, together with interest as provided herein.

(k) If any Revolving Credit (USD) Lender fails to make available to the Administrative Agent for the account of the Issuing Lender any amount required to be paid by such Lender pursuant to the foregoing provisions of this Section 2.4 by the time specified in Section 2.4(h), then, without limiting the other provisions of this Agreement, the Issuing Lender shall be entitled to recover from such Lender (acting through the Administrative Agent), on demand, such amount with interest thereon for the period from the date such payment is required to the date on which such payment is immediately available to the Issuing Lender at a rate per annum equal to the applicable Overnight Rate from time to time in effect, plus any administrative, processing or similar fees customarily charged by the Issuing Lender in connection with the foregoing. If such Revolving Credit (USD) Lender pays such amount (with interest and fees as aforesaid), the amount so paid shall constitute such Lender's Revolving Credit (USD) Loan included in the relevant Revolving Credit (USD) Borrowing or Letter of Credit Advance in respect of the relevant Letter of Credit Borrowing, as the case may be. A certificate of the Issuing Lender submitted to any Revolving Credit (USD) Lender (through the Administrative Agent) with respect to any amounts owing under this Section shall be conclusive absent manifest error.

(l) The obligation of Borrower to pay to the Issuing Lender the amount of any payment made by the Issuing Lender under any Letter of Credit shall be absolute, unconditional, and irrevocable. Without limiting the foregoing, Borrower's obligations shall not be affected by any of the following circumstances:

(i) any lack of validity or enforceability of the Letter of Credit, this Agreement, or any other agreement or instrument relating thereto;

- (ii) any amendment or waiver of or any consent to departure from the Letter of Credit, this Agreement, or any other agreement or instrument relating thereto, with the consent of Borrower;
- (iii) the existence of any claim, set-off, defense, or other rights which Borrower may have at any time against the Issuing Lender, Administrative Agent or any Lender, any beneficiary of the Letter of Credit (or any persons or entities for whom any such beneficiary may be acting) or any other Person, whether in connection with the Letter of Credit, this Agreement, or any other agreement or instrument relating thereto, or any unrelated transactions;
- (iv) any demand, statement, or any other document presented under the Letter of Credit proving to be forged, fraudulent, invalid, or insufficient in any respect or any statement therein being untrue or inaccurate in any respect whatsoever so long as any such document appeared to comply with the terms of the Letter of Credit;
- (v) payment by the Issuing Lender in good faith under the Letter of Credit against presentation of a draft or any accompanying document which does not strictly comply with the terms of the Letter of Credit;
- (vi) the existence, character, quality, quantity, condition, packing, value or delivery of any Property purported to be represented by documents presented in connection with any Letter of Credit or for any difference between any such Property and the character, quality, quantity, condition, or value of such Property as described in such documents;
- (vii) the time, place, manner, order or contents of shipments or deliveries of Property as described in documents presented in connection with any Letter of Credit or the existence, nature and extent of any insurance relative thereto;
- (viii) the solvency or financial responsibility of any party issuing any documents in connection with a Letter of Credit;
- (ix) any failure or delay in notice of shipments or arrival of any Property;
- (x) any error in the transmission of any message relating to a Letter of Credit not caused by the Issuing Lender, or any delay or interruption in any such message;
- (xi) any error, neglect or default of any correspondent of the Issuing Lender in connection with a Letter of Credit;
- (xii) any consequence arising from acts of God, wars, insurrections, civil unrest, disturbances, labor disputes, emergency conditions or other causes beyond the control of the Issuing Lender;
- (xiii) so long as the Issuing Lender in good faith determines that the document appears to comply with the terms of the Letter of Credit, the form, accuracy, genuineness or legal effect of any contract or document referred to in any document submitted to the Issuing Lender in connection with a Letter of Credit;

- (xiv) any adverse change in the relevant exchange rates or in the availability of the relevant Alternative Currency to Borrower or any Subsidiary or in the relevant currency markets generally; and
- (xv) where the Issuing Lender has acted in good faith and observed general banking usage, any other circumstances whatsoever.
- (m) Unless otherwise expressly agreed by the Issuing Lender and Borrower when a Letter of Credit is issued (including any such agreement applicable to an Existing Letter of Credit), (i) the rules of the ISP shall apply to each standby Letter of Credit, and (ii) the rules of the UCP shall apply to each commercial Letter of Credit. Notwithstanding the foregoing, the Issuing Lender shall not be responsible to Borrower for, and the Issuing Lender's rights and remedies against Borrower shall not be impaired by, any action or inaction of the Issuing Lender required or permitted under any law, order, or practice that is required or permitted to be applied to any

Letter of Credit or this Agreement, including the Law or any order of a jurisdiction where the Issuing Lender or the beneficiary is located, the practice stated in the ISP or UCP, as applicable, or in the decisions, opinions, practice statements, or official commentary of the ICC Banking Commission, the Bankers Association for Finance and Trade - International Financial Services Association (BAFT-IFSA), or the Institute of International Banking Law & Practice, whether or not any Letter of Credit chooses such law or practice.

(n) Borrower shall pay directly to the Issuing Lender for its own account a fronting fee (i) with respect to each commercial Letter of Credit, at the rate specified in the Bank of America Fee Letter, computed on the Dollar Equivalent of the amount of such Letter of Credit, and payable upon the issuance thereof, (ii) with respect to any amendment of a commercial Letter of Credit increasing the amount of such Letter of Credit, at a rate separately agreed between Borrower and the Issuing Lender, computed on the Dollar Equivalent of the amount of such increase, and payable upon the effectiveness of such amendment, and (iii) with respect to each standby Letter of Credit, at the rate per annum specified in the Bank of America Fee Letter, computed on the Dollar Equivalent of the daily amount available to be drawn under such Letter of Credit on a quarterly basis in arrears. The fronting fee with respect to any standby Letter of Credit shall be due and payable on the tenth Business Day after the end of each March, June, September and December in respect of the most recently-ended quarterly period (or portion thereof, in the case of the first payment), commencing with the first such date to occur after the issuance of such Letter of Credit, on the Letter of Credit Expiration Date and thereafter on demand. Borrower shall also pay to Administrative Agent, for the ratable account of the Revolving Credit (USD) Lenders in accordance with their Pro Rata Revolving Credit (USD) Shares, a Letter of Credit fee (the "Letter of Credit Fee") for each Letter of Credit in an amount equal to the Applicable Margin times the Dollar Equivalent of the daily maximum amount available to be drawn on such outstanding Letter of Credit; provided, however, any Letter of Credit Fees otherwise payable for the account of a Defaulting Lender with respect to any Letter of Credit shall be subject to adjustment as set forth in Section 2.16(a)(iii). Letter of Credit Fees shall be (i) due and payable on the first Business Day after the end of each March, June, September and December, commencing with the first such date to occur after the issuance of such Letter of Credit, on the Letter of Credit Expiration Date and thereafter on demand and (ii) computed on a quarterly basis in arrears. Borrower shall also pay to the Issuing Lender for its own account, from time to time on demand, the Issuing Lender's standard processing fees, costs and charges with respect to Letters of Credit. The Letter of Credit fronting fees and the Letter of Credit Fees are nonrefundable. Notwithstanding anything to the contrary contained herein, upon the request of the Requisite Revolving Credit (USD) Lenders, while any Event of Default exists, all Letter of Credit Fees shall accrue at the Default Rate.

(o) As of the Effective Date, Bank of America has issued for the account of Borrower certain existing letters of credit listed on Schedule 2.4 hereto (collectively, the "Existing Letters of Credit"). On the Effective Date, all Existing Letters of Credit shall be deemed to have been issued pursuant hereto and

each Revolving Credit (USD) Lender shall be deemed to have purchased a participation in the Existing Letters of Credit in the same manner as if the Existing Letters of Credit had been a Letter of Credit issued hereunder.

(p) Notwithstanding that a Letter of Credit issued or outstanding hereunder is in support of any obligations of, or is for the account of, a Subsidiary, Borrower shall be obligated to reimburse the Issuing Lender hereunder for any and all drawings under such Letter of Credit. Borrower hereby acknowledges that the issuance of Letters of Credit for the account of Subsidiaries inures to the benefit of Borrower, and that Borrower's business derives substantial benefits from the businesses of such Subsidiaries.

## 2.5 Prepayments.

(a) Upon Requisite Notice to Administrative Agent not later than the Requisite Time therefor, Borrower may at any time and from time to time voluntarily prepay Revolving Credit (USD) Loans or Revolving Credit (MC) Loans in whole or in part, without premium or penalty (other than under Section 3.5), in the Minimum Amount therefor. Administrative Agent will promptly notify each Revolving Credit (USD) Lender or Revolving Credit (MC) Lender, as the case may be, thereof and of such Lender's Pro Rata Share of such prepayment.

(b) If for any reason the Total Revolving Credit (USD) Outstandings exceed the Aggregate Revolving Credit (USD) Commitments as in effect or as reduced or because of any limitation set forth in this Agreement or otherwise, Borrower shall immediately prepay Revolving Credit (USD) Loans or Swing Line Loans and/or deposit Cash Collateral to be held by Administrative Agent in an interest-bearing cash collateral account as collateral for Letter of Credit Usage hereunder in an aggregate amount equal to such excess.

(c) If for any reason the Outstanding Amount of all Revolving Credit (MC) Loans exceeds an amount equal to the Aggregate Revolving Credit (MC) Commitments as in effect or as reduced or because of any limitation set forth in this Agreement or otherwise, Borrower shall immediately prepay Revolving Credit (MC) Loans in an aggregate amount equal to such excess.

(d) Any prepayment of a Term SOFR Loan or Alternative Currency Term Rate Loan shall be accompanied by all accrued interest thereon, together with the costs set forth in Section 3.5.

**2.6 Voluntary Reduction or Termination of Revolving Credit (USD Commitments / Revolving Credit (MC) Commitments.** Upon Requisite Notice to Administrative Agent not later than the Requisite Time therefor, Borrower shall have the right, at any time and from time to time, without penalty or charge, to permanently and irrevocably reduce the Aggregate Revolving Credit (USD) Commitments or Aggregate Revolving Credit (MC) Commitments in a Minimum Amount therefor, or terminate the Aggregate Revolving Credit (USD) Commitments or Aggregate Revolving Credit (MC) Commitments, provided, that Borrower shall not terminate or reduce (a) the Aggregate Revolving Credit (USD) Commitments if, after giving effect thereto and any concurrent prepayment hereunder and completion of arrangements made with respect to Letters of Credit approved by the Issuing Lender and the Administrative Agent, (i) the Total Revolving Credit (USD) Outstandings would exceed the Aggregate Revolving Credit (USD) Commitments, (ii) the Outstanding Amount of Letter of Credit Usage would exceed the Letter of Credit Sublimit or (iii) the Outstanding Amount of Swing Line Loans would exceed the Swing Line Sublimit or (b) the Aggregate Revolving Credit (MC) Commitments if, after giving effect thereto and any concurrent prepayment hereunder, the aggregate Outstanding Amount of Revolving Credit (MC) Loans of all Revolving Credit (MC) Lenders would exceed the Aggregate Revolving Credit (MC) Commitments. Administrative Agent shall promptly notify Lenders of any request for reduction or

termination of the Aggregate Revolving Credit (USD) Commitments or Aggregate Revolving Credit (MC) Commitments under this Section. Each Revolving Credit (USD) Lender's Revolving Credit (USD) Commitment or each Revolving Credit (MC) Lender's Revolving Credit (MC) Commitment, as the case may be, shall be reduced by an amount equal to such Lender's Pro Rata Share with respect to the applicable Facility times the amount of such reduction. All fees accrued until the effective date of any termination of the Aggregate Revolving Credit (USD) Commitments or Aggregate Revolving Credit (MC) Commitments, as the case may be, shall be paid on the effective date of such termination.

**2.7 Principal and Interest.**

(a) **Revolving Credit (USD) Loans / Revolving Credit (MC) Loans.** If not sooner paid, Borrower shall pay to (i) the Revolving Credit (USD) Lenders the aggregate outstanding principal amount of all Revolving Credit (USD) Loans on the Maturity Date and (ii) the Revolving Credit (MC) Lenders the aggregate outstanding principal amount of all Revolving Credit (MC) Loans on the Maturity Date.

(b) **Interest.** Subject to subsection (c) below, Borrower agrees to pay interest on the unpaid principal amount of the Loans (before and after default, before and after maturity, before and after judgment, and before and after the commencement of any proceeding under any Debtor Relief Law) from the date borrowed until paid in full (whether by acceleration or otherwise) (i) in the case of Base Rate Loans (other than Swing Line Loans), on each Interest Payment Date therefor at a rate per annum equal to the Base Rate plus the Applicable Margin, (ii) in the case of Term SOFR Loans, on each Interest Payment Date therefor at the Term SOFR for the applicable Interest Period plus the Applicable Margin, (iii) in the case of Alternative Currency Term Rate Loans, on each Interest Payment Date therefor at the Alternative Currency Term Rate for the applicable Interest Period plus the Applicable Margin, (iv) in the

case of Alternative Currency Daily Rate Loans, on each Interest Payment Date therefor at the Alternative Currency Daily Rate plus the Applicable Margin and (v) in the case of Swing Line Loans, at such times and at such rates as set forth in Section 2.3.

(c) **Default Rate.** If (i) any amount payable by Borrower under any Loan Document is not paid when due (without regard to any applicable grace periods) or (ii) upon the occurrence and during the continuance of any Event of Default occurring under clauses (a), (b) or (i) of Section 8.1, the outstanding amount payable (in the case of clause (i) above) or all outstanding Obligations (in the case of clause (ii) above) shall thereafter bear interest at a fluctuating interest rate per annum at all times equal to the Default Rate to the fullest extent permitted by applicable Laws; provided that this subsection (c) shall not apply to any Event of Default after the date that such Event of Default has been remedied or has been waived by the Lenders pursuant to Section 10.4.

## 2.8 **Fees.**

### (a) **Commitment Fee.**

(i) **Revolving Credit (USD) Facility.** Borrower agrees to pay to Administrative Agent for the account of each Revolving Credit (USD) Lender pro rata according to its Pro Rata Revolving Credit (USD) Share, a commitment fee in Dollars equal to the Applicable Margin times the actual daily amount by which the Aggregate Revolving Credit (USD) Commitments exceed the Total Revolving Credit (USD) Outstanding (excluding Swing Line Loans), subject to adjustment as provided in Section 2.16. The commitment fee shall accrue at all times from the Effective Date until the Maturity Date and shall be payable quarterly in arrears on each Quarterly Payment Date. The commitment fee shall be calculated quarterly in arrears, and if there is any change in the Applicable Margin during any quarter, the actual daily amount shall be computed and multiplied by the Applicable Margin separately for each period during such quarter that such Applicable

Margin was in effect. The commitment fee shall accrue at all times, including at any time during which one or more conditions in Section 4 are not met.

(ii) **Revolving Credit (MC) Facility.** Borrower agrees to pay to Administrative Agent for the account of each Revolving Credit (MC) Lender pro rata according to its Pro Rata Share with respect to the Revolving Credit (MC) Facility, a commitment fee in Dollars equal to the Applicable Margin times the actual daily amount by which the Aggregate Revolving Credit (MC) Commitments exceed the aggregate Outstanding Amount of Revolving Credit (MC) Loans of all Revolving Credit (MC) Lenders, subject to adjustment as provided in Section 2.16. The commitment fee shall accrue at all times from the Effective Date until the Maturity Date and shall be payable quarterly in arrears on each Quarterly Payment Date. The commitment fee shall be calculated quarterly in arrears, and if there is any change in the Applicable Margin during any quarter, the actual daily amount shall be computed and multiplied by the Applicable Margin separately for each period during such quarter that such Applicable Margin was in effect. The commitment fee shall accrue at all times, including at any time during which one or more conditions in Section 4 are not met.

(b) **Other Fees.** Borrower shall pay to the Arrangers, Administrative Agent and the Issuing Lender for their own respective accounts (or, to the extent specified in the Bank of America Fee Letter, for the account of Lenders) fees in the amounts and at the times specified in the Fee Letters. Such fees shall be fully earned when paid and shall not be refundable for any reason whatsoever.

## 2.9 **Computation of Interest and Fees; Retroactive Adjustments of Applicable Margin.**

(a) **Computation of Interest and Fees.** All computations of interest for Base Rate Loans (including Base Rate Loans determined by reference to Term SOFR) and for Loans denominated in Alternative Currencies (other than Alternative Currency Loans with respect to EURIBOR) shall be made on the basis of a year of 365 or 366 days, as the case may be, and actual days elapsed, or, in the case of interest in respect of Loans denominated in Alternative Currencies as to which market practice differs from the foregoing, in

accordance with such market practice. All other computations of fees and interest, including those with respect to Term SOFR Loans and Alternative Currency Loans determined by reference to EURIBOR, shall be made on the basis of a 360-day year and actual days elapsed (which results in more fees or interest, as applicable, being paid than if computed on the basis of a 365-day year). Interest shall accrue on each Loan for the day on which the Loan is made, and shall not accrue on a Loan, or any portion thereof, for the day on which the Loan or such portion is paid, provided that any Loan that is repaid on the same day on which it is made shall, subject to Section 2.10(a), bear interest for one day. Each determination by the Administrative Agent of an interest rate or fee hereunder shall be conclusive and binding for all purposes, absent manifest error.

(b) **Retroactive Adjustments of Applicable Margin.** If, as a result of any restatement of or other adjustment to the financial statements of Borrower or for any other reason, Borrower or the Lenders determine that (i) the Total Net Leverage Ratio as calculated by Borrower as of any applicable date was inaccurate and (ii) a proper calculation of the Total Net Leverage Ratio would have resulted in higher pricing for such period, Borrower shall immediately and retroactively be obligated to pay to the Administrative Agent for the account of the applicable Lenders or the Issuing Lender, as the case may be, promptly on demand by the Administrative Agent (or, after the occurrence of an actual or deemed entry of an order for relief with respect to Borrower under the Bankruptcy Code of the United States, automatically and without further action by the Administrative Agent, any Lender or the Issuing Lender), an amount equal to the excess of the amount of interest and fees that should have been paid for such period over the amount of interest and fees actually paid for such period. This paragraph shall not limit the rights of the Administrative Agent, any Lender or the Issuing Lender, as the case may be, under Section 2.4(i), 2.4(n) or

2.7(c) or under Section 8. Borrower's obligations under this paragraph shall survive the termination of the Aggregate Commitments and the repayment of all other Obligations hereunder.

**2.10 Payments Generally; Administrative Agent's Clawback.**

(a) All payments to be made by Borrower shall be made free and clear of and without condition or deduction for any counterclaim, defense, recoupment or setoff. Except as otherwise expressly provided herein and except with respect to principal of and interest on Loans denominated in an Alternative Currency, all payments by Borrower hereunder shall be made to the Administrative Agent, for the account of the respective Lenders to which such payment is owed, at the applicable Administrative Agent's Office in Dollars and in Same Day Funds not later than the Requisite Time on the date specified herein. Except as otherwise expressly provided herein, all payments by Borrower hereunder with respect to principal and interest on Revolving Credit (MC) Loans denominated in an Alternative Currency shall be made to Administrative Agent, for the account of the respective Revolving Credit (MC) Lenders to which such payment is owed, at the applicable Administrative Agent's Office in such Alternative Currency and in Same Day Funds not later than the Applicable Time specified by Administrative Agent on the dates specified herein. Without limiting the generality of the foregoing, Administrative Agent may require that any payments due under this Agreement be made in the United States. If, for any reason, Borrower is prohibited by any Law from making any required payment hereunder in an Alternative Currency, Borrower shall make such payment in Dollars in the Dollar Equivalent of the Alternative Currency payment amount. The Administrative Agent will promptly distribute to each Lender any such payment made by Borrower for the account of Lenders such Lender's Pro Rata Share in respect of the relevant Facility (or other applicable share as provided herein) of such payment in like funds as received by wire transfer to such Lender's Lending Office. All payments received by the Administrative Agent (i) after such Requisite Time, in the case of payments in Dollars, or (ii) after the Applicable Time specified by the Administrative Agent, in the case of payments in an Alternative Currency, shall in each case be deemed received on the next succeeding Business Day and any applicable interest or fee shall continue to accrue.

(b) Upon satisfaction of any applicable terms and conditions set forth herein, Administrative Agent shall promptly make any amounts received in accordance with the prior subsection available in like funds received, if payable to Borrower, by crediting a deposit account maintained by Borrower with Bank of America, as from time to time designated by Borrower by written notification to

Administrative Agent. Administrative Agent's determination, or any Lender's determination not contradictory thereto, of any amount payable hereunder shall be conclusive in the absence of manifest error.

(c) Subject to the definition of "Interest Period," if any payment to be made by Borrower shall come due on a day other than a Business Day, payment shall instead be considered due on the next succeeding Business Day and the extension of time shall be reflected in computing interest and fees.

(d) Unless the Administrative Agent shall have received notice from a Lender prior to the proposed date of any Borrowing of Term SOFR Loans or Alternative Currency Loans (or, in the case of any Borrowing of Base Rate Loans, prior to the Requisite Time on the date of such Borrowing) that such Lender will not make available to the Administrative Agent such Lender's share of such Borrowing, the Administrative Agent may assume that such Lender has made such share available on such date in accordance with Section 2.2 (or, in the case of a Borrowing of Base Rate Loans, that such Lender has made such share available in accordance with and at the time required by Section 2.2) and may, in reliance upon such assumption, make available to the Borrower a corresponding amount. In such event, if a Lender has not in fact made its share of the applicable Borrowing available to the Administrative Agent, then the applicable Lender and the Borrower severally agree to pay to the Administrative Agent forthwith on demand such corresponding amount in Same Day Funds with interest thereon, for each day from and including the date such amount is made available to the Borrower to but excluding the date of payment to

the Administrative Agent, at (A) in the case of a payment to be made by such Lender, the greater of the applicable Overnight Rate and a rate determined by the Administrative Agent in accordance with banking industry rules on interbank compensation, plus any administrative, processing or similar fees customarily charged by the Administrative Agent to similarly situated borrowers in connection with the foregoing, and (B) in the case of a payment to be made by the Borrower, the interest rate applicable to Base Rate Loans, or in the case of Alternative Currencies, in accordance with such market practice, in each case, as applicable. If the Borrower and such Lender shall pay such interest to the Administrative Agent for the same or an overlapping period, the Administrative Agent shall promptly remit to the Borrower the amount of such interest paid by the Borrower for such period. If such Lender pays its share of the applicable Borrowing to the Administrative Agent, then the amount so paid shall constitute such Lender's Loan included in such Borrowing. Any payment by the Borrower shall be without prejudice to any claim the Borrower may have against a Lender that shall have failed to make such payment to the Administrative Agent.

(i) Unless the Administrative Agent shall have received notice from a Borrower prior to the date on which any payment is due to the Administrative Agent for the account of the Lenders or the Issuing Lender hereunder that the Borrower will not make such payment, the Administrative Agent may assume that the Borrower has made such payment on such date in accordance herewith and may, in reliance upon such assumption, distribute to the Lenders or the Issuing Lender, as the case may be, the amount due.

(ii) With respect to any payment that the Administrative Agent makes for the account of the Lenders or the Issuing Lender hereunder as to which the Administrative Agent determines (which determination shall be conclusive absent manifest error) that any of the following applies (such payment referred to as the "**Rescindable Amount**"):

- (1) the Borrower has not in fact made such payment;
- (2) the Administrative Agent has made a payment in excess of the amount so paid by Borrower (whether or not then owed); or
- (3) the Administrative agent has for any reason otherwise erroneously made such payment;

then each of the Lenders or the Issuing Lender, as the case may be, severally agrees to repay to the Administrative Agent forthwith on demand the Rescindable Amount so distributed to such Lender or the Issuing Lender, in Same Day Funds with interest thereon, for each day from and including the date such amount is distributed to it to but excluding the date of payment to the Administrative Agent, at the greater of the Federal Funds Rate and a rate determined by the Administrative Agent in accordance with banking industry rules on interbank compensation.

A notice of the Administrative Agent to any Lender or Borrower with respect to any amount owing under this clause (b) shall be conclusive, absent manifest error.

(e) If at any time insufficient funds are received by and available to the Administrative Agent to pay fully all amounts of principal, Letter of Credit Borrowings, interest and fees then due hereunder, such funds shall be applied (i) first, toward payment of interest and fees then due hereunder, ratably among the parties entitled thereto in accordance with the amounts of interest and fees then due to such parties, and (ii) second, toward payment of principal and Letter of Credit Borrowings then due hereunder, ratably among the parties entitled thereto in accordance with the amounts of principal and Letter of Credit Borrowings then due to such parties.

**2.11 Funding Sources.** Nothing in this Agreement shall be deemed to obligate any Lender to obtain the funds for any Loan in any particular place or manner or to constitute a representation by any Lender that it has obtained or will obtain the funds for any Loan in any particular place or manner.

**2.12 Automatic Deduction.** On each date when the payment of any principal, interest or fees are due hereunder or under any Note, Borrower agrees to maintain on deposit in an ordinary checking

account maintained by Borrower with Administrative Agent (as such account shall be designated by Borrower in a written notice to Administrative Agent from time to time, the "**Borrower Account**") an amount sufficient to pay such principal, interest or fees in full. Borrower hereby authorizes Administrative Agent (i) to deduct automatically all interest or fees when due hereunder or under the Notes from Borrower Account, and (ii) if and to the extent any payment under this Agreement or any other Loan Document is not made when due, to deduct automatically any such amount from any or all of the accounts of Borrower maintained with Administrative Agent. Administrative Agent agrees to provide timely notice to Borrower of any automatic deduction made pursuant to this Section 2.12.

**2.13 Obligations of Lenders Several.** The obligations of Lenders hereunder to make Revolving Credit (USD) Loans and Revolving Credit (MC) Loans, to fund participations in Letters of Credit and Swing Line Loans and to make payments pursuant to Section 10.4(c) are several and not joint. The failure of any Lender to make any Loan, to fund any such participation or to make any payment under Section 10.4(c) on any date required hereunder shall not relieve any other Lender of its corresponding obligation to do so on such date, and no Lender shall be responsible for the failure of any other Lender to so make its Loan, to purchase its participation or to make its payment under Section 10.4(c).

**2.14 Sharing of Payments by Lenders.** If any Lender shall, by exercising any right of setoff or counterclaim or otherwise, obtain payment in respect of (a) Obligations in respect of any of the Facilities due and payable to such Lender hereunder and under the other Loan Documents at such time in excess of its ratable share (according to the proportion of (i) the amount of such Obligations due and payable to such Lender at such time to (ii) the aggregate amount of the Obligations in respect of the Facilities due and payable to all Lenders hereunder and under the other Loan Documents at such time) of payments on account of the Obligations in respect of the Facilities due and payable to all Lenders hereunder and under the other Loan Documents at such time obtained by all the Lenders at such time or (b) Obligations in respect of any of the Facilities owing (but not due and payable) to such Lender hereunder and under the other Loan Documents at such time in excess of its ratable share (according to the proportion of (i) the amount of such Obligations owing (but not due and payable) to such Lender at such time to (ii) the aggregate amount of the Obligations in respect of the Facilities owing (but not due and payable) to all Lenders hereunder and under the other Loan Documents at such time) of payments on account of the Obligations in respect of the Facilities owing (but not due and payable) to all Lenders hereunder and under the other Loan Documents at such time obtained by all of the Lenders at such time, then, in each case under clauses (a) and (b) above, the Lender receiving such greater proportion shall (A) notify Administrative Agent of such fact, and (B) purchase (for cash at face value) participations in the Loans and sub-participations in Letter of Credit Usage and Swing Line Loans of the other Lenders, or make such other adjustments as shall be equitable, so that the benefit of all such payments shall be shared by the Lenders ratably in accordance

with the aggregate amount of Obligations in respect of the Facilities then due and payable to the Lenders or owing (but not due and payable) to the Lenders, as the case may be; provided that:

(i) if any such participations or sub-participations are purchased and all or any portion of the payment giving rise thereto is recovered, such participations or sub-participations shall be rescinded and the purchase price restored to the extent of such recovery, without interest; and

(ii) the provisions of this Section shall not be construed to apply to (x) any payment by Borrower pursuant to and in accordance with the express terms of this Agreement (including the application of funds arising from the existence of a Defaulting Lender), (y) the application of Cash Collateral provided for in Section 2.17, or (z) any payment obtained by a Lender as consideration for the assignment of or sale of a participation in any of its Loans or sub-participations in Letter of Credit Usage or Swing Line Loans to any assignee or participant other than to Borrower or any of its Subsidiaries (as to which the provisions of this Section apply).

#### 2.15 Increase in Commitments.

(a) Request for Increase. Provided there exists no Default or Event of Default, upon notice to Administrative Agent, Borrower may from time to time (and at any time) request an increase in the Aggregate Revolving Credit (USD) Commitments by an amount for all such requests not exceeding \$1,000,000,000; provided that (i) any such request for an increase shall be in a minimum amount of \$50,000,000, (ii) Borrower may make a maximum of ten such requests, (iii) any such increased or additional Aggregate Revolving Credit (USD) Commitment shall be obtained from one or more existing Lenders (it being understood that no existing Lender shall be required to increase its Commitment) and/or other Persons that qualify as Eligible Assignees and (iv) no increase in the Aggregate Revolving Credit (USD) Commitments shall increase the Swing Line Sublimit or the Letter of Credit Sublimit.

(b) Additional Lenders. Any Person that is to become a Lender pursuant to this Section 2.15 shall execute and deliver a joinder agreement in form and substance reasonably satisfactory to the Administrative Agent, the Borrower and their respective counsel.

(c) Effective Date and Allocations. If the Aggregate Revolving Credit (USD) Commitments are increased in accordance with this Section, Administrative Agent and Borrower shall determine the effective date (the "Increase Effective Date") and the final allocation of such increase. Administrative Agent shall promptly notify Borrower and the Lenders of the final allocation of such increase and the Increase Effective Date.

(d) Conditions to Effectiveness of Increase. As a condition precedent to such increase, Borrower shall deliver to Administrative Agent a certificate of Borrower dated as of the Increase Effective Date (with sufficient copies for each Revolving Credit (USD) Lender) signed by a Responsible Officer of Borrower (i) certifying and attaching the resolutions adopted by Borrower approving or consenting to such increase and (ii) certifying that, before and after giving effect to such increase, (A) the representations and warranties contained in Section 5 and the other Loan Documents are true and correct on and as of the Increase Effective Date, except to the extent that such representations and warranties specifically refer to an earlier date, in which case they were true and correct as of such earlier date, and except that for purposes of this Section 2.15, the representations and warranties contained in clauses (a) and (b) of Section 5.12 shall be deemed to refer to the most recent statements furnished pursuant to clauses (a) and (b), respectively, of Section 6.1, and (B) no Default or Event of Default exists. Borrower shall prepay any Revolving Credit (USD) Loans outstanding on the Increase Effective Date (and pay any additional amounts required pursuant to Section 3.5) to the extent necessary to keep the outstanding Revolving Credit (USD) Loans ratable with any revised Pro Rata Revolving Credit (USD) Shares arising from any non-ratable increase in the Revolving Credit (USD) Commitments under this Section.

(e) Conflicting Provisions. This Section shall supersede any provisions in Section 2.14 or 10.1 to the contrary.

**2.16 Defaulting Lenders.**

(a) **Adjustments.** Notwithstanding anything to the contrary contained in this Agreement, if any Lender becomes a Defaulting Lender, then, until such time as that Lender is no longer a Defaulting Lender, to the extent permitted by applicable Law:

(i) **Waivers and Amendments.** That Defaulting Lender's right to approve or disapprove any amendment, waiver or consent with respect to this Agreement shall be restricted as set forth in the definitions of "Requisite Lenders", "Requisite Revolving Credit (USD) Lenders" and "Requisite Revolving Credit (MC) Lenders" and in Section 10.1.

(ii) **Reallocation of Payments.** Any payment of principal, interest, fees or other amounts received by the Administrative Agent for the account of that Defaulting Lender (whether voluntary or mandatory, at maturity, pursuant to Section 3 or otherwise, and including any amounts made available to the Administrative Agent by that Defaulting Lender pursuant to Section 10.8), shall be applied at such time or times as may be determined by the Administrative Agent as follows: *first*, to the payment of any amounts owing by that Defaulting Lender to the Administrative Agent hereunder; *second*, to the payment on a pro rata basis of any amounts owing by that Defaulting Lender to the Issuing Lender or Swing Line Lender hereunder; *third*, to Cash Collateralize the Issuing Lender's Fronting Exposure with respect to such Defaulting Lender in accordance with Section 2.17; *fourth*, as Borrower may request (so long as no Default or Event of Default exists), to the funding of any Loan in respect of which that Defaulting Lender has failed to fund its portion thereof as required by this Agreement, as determined by the Administrative Agent; *fifth*, if so determined by the Administrative Agent and Borrower, to be held in a deposit account and released pro rata in order to (x) satisfy such Defaulting Lender's potential future funding obligations with respect to Loans under this Agreement and (y) Cash Collateralize the Issuing Lender's future Fronting Exposure with respect to such Defaulting Lender with respect to future Letters of Credit issued under this Agreement, in accordance with Section 2.17; *sixth*, to the payment of any amounts owing to the Lenders, the Issuing Lender or the Swing Line Lender as a result of any judgment of a court of competent jurisdiction obtained by any Lender under such Facility or, in the case of the Revolving Credit (USD) Facility, the Issuing Lender or the Swing Line Lender against that Defaulting Lender as a result of that Defaulting Lender's breach of its obligations under this Agreement; *seventh*, so long as no Default or Event of Default exists, to the payment of any amounts owing to Borrower as a result of any judgment of a court of competent jurisdiction obtained by Borrower against that Defaulting Lender as a result of that Defaulting Lender's breach of its obligations under this Agreement; and *eighth*, to that Defaulting Lender or as otherwise directed by a court of competent jurisdiction; *provided* that if (x) such payment is a payment of the principal amount of any Loans or in respect of any Letter of Credit Usage in respect of which that Defaulting Lender has not fully funded its appropriate share and (y) such Loans were made or such Letter of Credit Usage incurred at a time when the conditions set forth in Section 4.2 were satisfied or waived, such payment shall be applied solely to pay the Loans of, and amounts in respect of Letter of Credit Usage owed to, all non-Defaulting Lenders under the applicable Facility on a pro rata basis (and ratably among all applicable Facilities computed in accordance with the Defaulting Lenders' respective funding deficiencies) prior to being applied to the payment of any Loans of, or amounts in respect of Letter of Credit Usage owed to, that Defaulting Lender under the applicable Facility until such time as all Loans and funded and unfunded participations in Letter of Credit Usage and Swing Line Loans are held by the Lenders pro rata in accordance with the Commitments hereunder without giving effect to Section 2.16(a)(iv). Any payments, prepayments or other amounts paid or payable to a Defaulting Lender that are applied (or held) to pay amounts owed by a Defaulting Lender or to post Cash Collateral pursuant to this Section 2.16(a)(ii) shall be deemed paid to and redirected by that Defaulting Lender, and each Lender irrevocably consents hereto.

(iii) **Certain Fees.** That Defaulting Lender (x) shall not be entitled to receive any commitment fee pursuant to Section 2.8(a) for any period during which that Lender is a Defaulting Lender (and Borrower shall not be required to pay any such fee that otherwise would have been required to have been paid to that Defaulting Lender) and (y) shall be entitled to receive Letter of Credit Fees for any period during which that Lender is a Defaulting Lender only to the extent allocable to its Pro Rata Revolving Credit (USD) Share of the stated amount of Letters of Credit for which it has provided Cash Collateral pursuant to

**Section 2.17.** With respect to any Letter of Credit Fee not required to be paid to any Defaulting Lender pursuant to this paragraph, Borrower shall (x) pay to each non-Defaulting Lender in the Revolving Credit (USD) Facility that portion of any such fee otherwise payable to such Defaulting Lender with respect to such Defaulting Lender's

participation in Letter of Credit Usage that has been reallocated to such non-Defaulting Lender pursuant to clause (iv) below, and (y) pay to the Issuing Lender the amount of any such fee otherwise payable to such Defaulting Lender to the extent allocable to the Issuing Lender's Fronting Exposure to such Defaulting Lender, and (z) not be required to pay the remaining amount of any such fee.

**(iv) Reallocation of Pro Rata Shares to Reduce Fronting Exposure.** During any period in which there is a Defaulting Lender, for purposes of computing the amount of the obligation of each non-Defaulting Lender that is a Revolving Credit (USD) Lender to acquire, refinance or fund participations in Swing Line Loans or Letters of Credit pursuant to Sections 2.3 and 2.4, the "Pro Rata Share" of each non-Defaulting Lender that is a Revolving Credit (USD) Lender shall be computed without giving effect to the Revolving Credit (USD) Commitment of that Defaulting Lender but only to the extent that such reallocation does not cause the aggregate Revolving Credit (USD) Exposure of any non-Defaulting Lender to exceed such non-Defaulting Lender's Revolving Credit (USD) Commitment. No reallocation hereunder shall constitute a waiver or release of any claim of any party hereunder against a Defaulting Lender arising from that Lender having become a Defaulting Lender, including any claim of a non-Defaulting Lender as a result of such non-Defaulting Lender's increased exposure following such reallocation. Subject to Section 10.21, no reallocation hereunder shall constitute a waiver or release of any claim of any party hereunder against a Defaulting Lender arising from that Lender having become a Defaulting Lender, including any claim of a non-Defaulting Lender as a result of such non-Defaulting Lender's increased exposure following such reallocation.

**(b) Defaulting Lender Cure.** If Borrower, the Administrative Agent, and, in the case that a Defaulting Lender is a Revolving Credit (USD) Lender, the Swing Line Lender and the Issuing Lender agree in writing in their sole discretion that a Lender is no longer a Defaulting Lender, the Administrative Agent will so notify the parties hereto, whereupon as of the effective date specified in such notice and subject to any conditions set forth therein (which may include arrangements with respect to any Cash Collateral), that Lender will, to the extent applicable, purchase at par that portion of outstanding Loans of the other Lenders in the respective Facilities or take such other actions as the Administrative Agent may determine to be necessary to cause the Loans and funded and unfunded participations in Letters of Credit and Swing Line Loans to be held on a pro rata basis by the Lenders in accordance with their respective Pro Rata Shares (without giving effect to Section 2.16(a)(iv)) in the respective Facilities, whereupon that Lender will cease to be a Defaulting Lender; provided that no adjustments will be made retroactively with respect to fees accrued or payments made by or on behalf of Borrower while that Lender was a Defaulting Lender; and provided, further, that except to the extent otherwise expressly agreed by the affected parties, no change hereunder from a Defaulting Lender to a Lender will constitute a waiver or release of any claim of any party hereunder arising from that Lender's having been a Defaulting Lender.

**(c) New Swing Line Loans/Letters of Credit.** So long as any Lender is a Defaulting Lender, (i) the Swing Line Lender shall not be required to fund any Swing Line Loans unless it is satisfied that it will have no Fronting Exposure after giving effect to such Swing Line Loan and (ii) the Issuing Lender shall not be required to issue, extend, renew or increase any Letter of Credit unless it is satisfied that it will have no Fronting Exposure after giving effect thereto.

**(d) Rights and Remedies against a Defaulting Lender.** The Borrower may replace any Defaulting Lender in accordance with the terms of this Agreement. The rights and remedies against, and with respect to a Defaulting Lender under this Section 2.16 are in addition to, and cumulative and not in limitation of, all other rights and remedies that each of the Administrative Agent, the Lenders and the Borrower may, at any time, have against, or with respect to, such Defaulting Lender.

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#### 2.17 Cash Collateral

(a) Certain Credit Support Events. (i) Upon the request of Issuing Lender, if Issuing Lender has honored any full or partial drawing request under any Letter of Credit and such drawing has resulted in Letter of Credit Usage in respect of such Letter of Credit, Borrower shall, in each case, immediately Cash Collateralize the then Outstanding Amount of all Letter of Credit Usage; (ii) if, as of the Letter of Credit Expiration Date, any Letter of Credit Usage for any reason remains outstanding; or (iii) Borrower is required to provide Cash Collateral pursuant to Section 8.2(c), Borrower shall, in each case, immediately Cash Collateralize all Letter of Credit Usage. At any time that there shall exist a Defaulting Lender, immediately upon the request of the Administrative Agent or the Issuing Lender, Borrower shall deliver to the Administrative Agent Cash Collateral in an amount sufficient to cover all Fronting Exposure of the Issuing Lender (after giving effect to Section 2.16(a)(iv) and any Cash Collateral provided by the Defaulting Lender).

(b) Grant of Security Interest. All Cash Collateral (other than credit support not constituting funds subject to deposit) shall be maintained in blocked, non-interest bearing deposit accounts at Bank of America. Borrower, and to the extent provided by any Lender, such Lender, hereby grants to (and subjects to the control of) the Administrative Agent, for the benefit of the Administrative Agent, the Issuing Lender and the Lenders, and agrees to maintain, a first priority security interest in all such cash, deposit accounts and all balances therein, and all other property so provided as collateral pursuant hereto, and in all proceeds of the foregoing, all as security for the obligations to which such Cash Collateral may be applied pursuant to Section 2.17(c). If at any time the Administrative Agent determines that Cash Collateral is subject to any right or claim of any Person other than the Administrative Agent as herein provided, or that the total amount of such Cash Collateral is less than the applicable Fronting Exposure of the Issuing Lender (after giving effect to Section 2.16(a)(iv)) and other obligations secured thereby (as identified at the time such Cash Collateral is provided), Borrower or the relevant Defaulting Lender will, promptly upon demand by the Administrative Agent, pay or provide to the Administrative Agent additional Cash Collateral in an amount sufficient to eliminate such deficiency.

(c) Application. Notwithstanding anything to the contrary contained in this Agreement, Cash Collateral provided under any of this Section 2.17 or Sections 2.4, or 8.2 or any other provision of this Agreement in respect of Letters of Credit shall be held and applied to the satisfaction of the specific Letter of Credit Usage, obligations to fund participations therein (including, as to Cash Collateral provided by a Defaulting Lender, any interest accrued on such obligation) and other obligations (as identified at the time of the provision thereof) for which the Cash Collateral was so provided, prior to any other application of such property as may be provided for herein.

(d) Release. Cash Collateral (or the appropriate portion thereof) provided to reduce Fronting Exposure or other obligations shall be released promptly following (i) the elimination of the applicable Fronting Exposure or other obligations giving rise thereto (including by the termination of Defaulting Lender status of the applicable Lender (or, as appropriate, its assignee following compliance with Sections 10.6 and 10.13)) or (ii) the Administrative Agent's good faith determination that there exists excess Cash Collateral; provided, however, (x) that Cash Collateral furnished by or on behalf of Borrower shall not be released during the continuance of a Default or Event of Default (and following application as provided in this Section 2.17 may be otherwise applied in accordance with Section 8.3), and (y) the Person providing Cash Collateral and the Issuing Lender may agree that Cash Collateral shall not be released but instead held to support future anticipated Fronting Exposure or other obligations.

#### 2.18 Extension of Maturity Date

(a) Requests for Extension. Borrower may, by notice to Administrative Agent (who shall promptly notify the Lenders) not earlier than 60 days and not later than 30 days prior to any anniversary

date of the Effective Date (each such anniversary date, an "**Applicable Anniversary Date**"), request that each Lender extend such Lender's Maturity Date for an additional year from the Maturity Date then in effect hereunder (the "**Existing Maturity Date**"); provided that (i) no such request shall be made hereunder until after the second anniversary of the Effective Date and (ii) Borrower shall not be permitted to make more than two such requests hereunder during the term of this Agreement.

(b) **Lender Elections to Extend.** Each Lender, acting in its sole and individual discretion, shall, by notice to Administrative Agent given not later than the date (the "**Notice Date**") that is 20 days prior to the Applicable Anniversary Date, advise Administrative Agent whether or not such Lender agrees to such extension (and each Lender that determines not to so extend its Maturity Date (a "**Non-Extending Lender**") shall notify Administrative Agent of such fact promptly after such determination (but in any event no later than the Notice Date) and any Lender that does not so advise Administrative Agent on or before the Notice Date shall be deemed to be a Non-Extending Lender. The election of any Lender to agree to such extension shall not obligate any other Lender to so agree.

(c) **Notification by Administrative Agent.** Administrative Agent shall notify Borrower of each Lender's determination under this Section no later than the date 15 days prior to the Applicable Anniversary Date (or, if such date is not a Business Day, on the next preceding Business Day).

(d) **Additional Commitment Lenders.** Borrower shall have the right (but not the obligation) to replace each Non-Extending Lender with, and add as "Lenders" under this Agreement in place thereof, one or more Eligible Assignees (each, an "**Additional Commitment Lender**") as provided in Section 10.13; provided that each of such Additional Commitment Lenders shall enter into an Assignment and Assumption pursuant to which such Additional Commitment Lender shall, effective as of the Applicable Anniversary Date, undertake a Revolving Credit (USD) Commitment and/or a Revolving Credit (MC) Commitment (and, if any such Additional Commitment Lender is already a Lender, its Commitment shall be in addition to such Lender's Commitment hereunder on such date).

(e) **Minimum Extension Requirement.** If (and only if) the total of the Commitments of the Lenders that have agreed so to extend their Maturity Date (each, an "**Extending Lender**") and the additional Commitments of the Additional Commitment Lenders shall be more than 50% of the aggregate amount of the Commitments in effect immediately prior to the Applicable Anniversary Date, then, effective as of the Applicable Anniversary Date, the Maturity Date of each Extending Lender and of each Additional Commitment Lender shall be extended to the date falling one year after the Existing Maturity Date (except that, if such date is not a Business Day, such Maturity Date as so extended shall be the next preceding Business Day) and each Additional Commitment Lender shall thereupon become a "Lender" for all purposes of this Agreement.

(f) **Conditions to Effectiveness of Extensions.** As a condition precedent to such extension, Borrower shall deliver to Administrative Agent a certificate of Borrower dated as of the Applicable Anniversary Date signed by a Responsible Officer of Borrower (i) certifying and attaching the resolutions, if any are otherwise required, adopted by Borrower approving or consenting to such extension and (ii) certifying that, before and after giving effect to such extension, (A) the representations and warranties contained in Section 5 and the other Loan Documents are true and correct in all material respects (or in all respects if such representation is qualified by materiality or Material Adverse Effect) on and as of the Applicable Anniversary Date, except to the extent that such representations and warranties specifically refer to an earlier date, in which case they are true and correct as of such earlier date, and except that for purposes of this Section 2.18, the representations and warranties contained in Section 5.12(a) shall be deemed to refer to the most recent statements furnished pursuant to Section 6.1(a) and (b), and (B) no Default or Event of Defaults exists or would result therefrom. In addition, on the Applicable Anniversary Date, the Borrower shall prepay any Loans outstanding on such date (and pay any additional amounts required pursuant to

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Section 3.5) to the extent necessary to keep outstanding Loans ratable with any revised Pro Rata Shares of the respective Lenders effective as of such date.

(g) **Amendment; Sharing of Payments.** In connection with any extension of the Maturity Date, Borrower and Administrative Agent may make such amendments to this Agreement as Administrative Agent determines to be reasonably necessary to evidence the

extension with the consent of the Borrower but without the consent of any other Lenders. This Section shall supersede any provisions in Section 2.14 or 10.1 to the contrary.

**SECTION 3**  
**TAXES, YIELD PROTECTION AND ILLEGALITY**

**3.1 Taxes.**

**(a) Payments Free of Taxes; Obligation to Withhold; Payments on Account of Taxes.**

(i) Any and all payments by or on account of any obligation of Borrower under any Loan Document shall be made without deduction or withholding for any Taxes, except as required by applicable Laws. If any applicable Laws (as determined in the good faith discretion of the Administrative Agent) require the deduction or withholding of any Tax from any such payment by the Administrative Agent or Borrower, then the Administrative Agent or Borrower shall be entitled to make such deduction or withholding, upon the basis of the information and documentation to be delivered pursuant to subsection (e) below.

(ii) If Borrower or the Administrative Agent shall be required by the Code to withhold or deduct any Taxes, including both United States Federal backup withholding and withholding taxes, from any payment, then (A) the Administrative Agent shall withhold or make such deductions as are determined by the Administrative Agent to be required based upon the information and documentation it has received pursuant to subsection (e) below, (B) the Administrative Agent shall timely pay the full amount withheld or deducted to the relevant Governmental Authority in accordance with the Code, and (C) to the extent that the withholding or deduction is made on account of Indemnified Taxes, the sum payable by Borrower shall be increased as necessary so that after any required withholding or the making of all required deductions (including deductions applicable to additional sums payable under this Section 3.1) the applicable Recipient receives an amount equal to the sum it would have received had no such withholding or deduction been made.

(iii) If Borrower or the Administrative Agent shall be required by any applicable Laws other than the Code to withhold or deduct any Taxes from any payment, then (A) Borrower or the Administrative Agent, as required by such Laws, shall withhold or make such deductions as are determined by it to be required based upon the information and documentation it has received pursuant to subsection (e) below, (B) Borrower or the Administrative Agent, to the extent required by such Laws, shall timely pay the full amount withheld or deducted to the relevant Governmental Authority in accordance with such Laws, and (C) to the extent that the withholding or deduction is made on account of Indemnified Taxes, the sum payable by Borrower shall be increased as necessary so that after any required withholding or the making of all required deductions (including deductions applicable to additional sums payable under this Section 3.1) the applicable Recipient receives an amount equal to the sum it would have received had no such withholding or deduction been made.

(b) **Payment of Other Taxes by Borrower.** Without limiting the provisions of subsection (a) above, Borrower shall timely pay to the relevant Governmental Authority in accordance with applicable law, or at the option of the Administrative Agent timely reimburse it for the payment of, any Other Taxes.

(c) **Tax Indemnifications.** (i) Borrower shall, and does hereby, indemnify each Recipient, and shall make payment in respect thereof within 10 days after demand therefor, for the full amount of any Indemnified Taxes (including Indemnified Taxes imposed or asserted on or attributable to amounts payable under this Section 3.1) payable or paid by such Recipient or required to be withheld or deducted from a payment to such Recipient, and any penalties, interest and reasonable expenses arising therefrom or with respect thereto, whether or not such Indemnified Taxes were correctly or legally imposed or asserted by the relevant Governmental Authority. A certificate as to the amount of such payment or liability delivered to Borrower by a Lender or the Issuing Lender (with a copy to the Administrative Agent), or by the Administrative Agent on its own behalf or on behalf of a Lender or the Issuing Lender, shall be

conclusive absent manifest error. Borrower shall, and does hereby, indemnify the Administrative Agent, and shall make payment in respect thereof within 10 days after demand therefor, for any amount which a Lender or the Issuing Lender for any reason fails to pay indefeasibly to the Administrative Agent as required pursuant to Section 3.1(c)(ii) below.

(ii) Each Lender and the Issuing Lender shall, and does hereby, severally indemnify, and shall make payment in respect thereof within 10 days after demand therefor, (x) the Administrative Agent against any Indemnified Taxes attributable to such Lender or the Issuing Lender (but only to the extent that Borrower has not already indemnified the Administrative Agent for such Indemnified Taxes and without limiting the obligation of Borrower to do so), (y) the Administrative Agent and Borrower, as applicable, against any Taxes attributable to such Lender's failure to comply with the provisions of Section 10.6(c) relating to the maintenance of a Participant Register and (z) the Administrative Agent and Borrower, as applicable, against any Excluded Taxes attributable to such Lender or the Issuing Lender, in each case, that are payable or paid by the Administrative Agent or Borrower in connection with any Loan Document, and any reasonable expenses arising therefrom or with respect thereto, whether or not such Taxes were correctly or legally imposed or asserted by the relevant Governmental Authority. A certificate as to the amount of such payment or liability delivered to any Lender by the Administrative Agent shall be conclusive absent manifest error. Each Lender and the Issuing Lender hereby authorizes the Administrative Agent to set off and apply any and all amounts at any time owing to such Lender or the Issuing Lender, as the case may be, under this Agreement or any other Loan Document against any amount due to the Administrative Agent under this clause (ii).

(d) Evidence of Payments. As soon as practicable after any payment of Taxes by Borrower to a Governmental Authority as provided in this Section 3.1, Borrower shall deliver to the Administrative Agent the original or a certified copy of a receipt issued by such Governmental Authority evidencing such payment, a copy of any return required by Laws to report such payment or other evidence of such payment reasonably satisfactory to the Administrative Agent.

(e) Status of Lenders; Tax Documentation.

(i) Any Lender that is entitled to an exemption from or reduction of withholding Tax with respect to payments made under any Loan Document shall deliver to Borrower and the Administrative Agent, at the time or times reasonably requested by Borrower or the Administrative Agent, such properly completed and executed documentation reasonably requested by Borrower or the Administrative Agent as will permit such payments to be made without withholding or at a reduced rate of withholding. In addition, any Lender, if reasonably requested by Borrower or the Administrative Agent, shall deliver such other documentation prescribed by applicable law or

reasonably requested by Borrower or the Administrative Agent as will enable Borrower or the Administrative Agent to determine whether or not such Lender is subject to backup withholding or information reporting requirements. Notwithstanding anything to the contrary in the preceding two sentences, the completion, execution and submission of such documentation (other than such documentation set forth in Section 3.1(e)(ii)(A), (ii)(B) and (ii)(D) below) shall not be required if in the Lender's reasonable judgment such completion, execution or submission would subject such Lender to any material unreimbursed cost or expense or would materially prejudice the legal or commercial position of such Lender.

(ii) Without limiting the generality of the foregoing, in the event that Borrower is a U.S. Person,

(A) any Lender that is a U.S. Person shall deliver to Borrower and the Administrative Agent on or prior to the date on which such Lender becomes a Lender under this Agreement (and from time to time thereafter upon the reasonable request of Borrower or the Administrative Agent), executed copies of IRS Form W-9 certifying that such Lender is exempt from U.S. federal backup withholding tax;

(B)any Foreign Lender shall, to the extent it is legally entitled to do so, deliver to Borrower and the Administrative Agent (in such number of copies as shall be requested by the recipient) on or prior to the date on which such Foreign Lender becomes a Lender under this Agreement (and from time to time thereafter upon the reasonable request of Borrower or the Administrative Agent), whichever of the following is applicable:

I.in the case of a Foreign Lender claiming the benefits of an income tax treaty to which the United States is a party (x) with respect to payments of interest under any Loan Document, executed copies of IRS Form W-8BENE (or W-8BEN, as applicable) establishing an exemption from, or reduction of, U.S. federal withholding Tax pursuant to the "interest" article of such tax treaty and (y) with respect to any other applicable payments under any Loan Document, IRS Form W-8BENE (or W-8BEN, as applicable) establishing an exemption from, or reduction of, U.S. federal withholding Tax pursuant to the "business profits" or "other income" article of such tax treaty;

II.executed copies of IRS Form W-8ECI;

III.in the case of a Foreign Lender claiming the benefits of the exemption for portfolio interest under Section 881(c) of the Code, (x) a certificate substantially in the form of Exhibit E-1 to the effect that such Foreign Lender is not a "bank" within the meaning of Section 881(c)(3)(A) of the Code, a "10 percent shareholder" of Borrower within the meaning of Section 881(c)(3)(B) of the Code, or a "controlled foreign corporation" described in Section 881(c)(3)(C) of the Code (a **"U.S. Tax Compliance Certificate"**) and (y) executed copies of IRS Form W-8BENE (or W-8BEN, as applicable); or

IV.to the extent a Foreign Lender is not the beneficial owner, executed copies of IRS Form W-8IMY, accompanied by IRS Form W-8ECI, IRS Form W-8BENE (or W-8BEN, as applicable), a U.S. Tax Compliance Certificate substantially in the form of Exhibit E-2 or Exhibit E-3, IRS Form W-9, and/or other certification documents from each beneficial owner, as applicable; provided that if the Foreign Lender is a partnership and one or more direct or indirect partners of such Foreign Lender are claiming the portfolio interest exemption, such Foreign Lender may provide a U.S. Tax Compliance

Certificate substantially in the form of Exhibit E-4 on behalf of each such direct and indirect partner;

(C)any Foreign Lender shall, to the extent it is legally entitled to do so, deliver to Borrower and the Administrative Agent (in such number of copies as shall be requested by the recipient) on or prior to the date on which such Foreign Lender becomes a Lender under this Agreement (and from time to time thereafter upon the reasonable request of Borrower or the Administrative Agent), executed copies of any other form prescribed by applicable law as a basis for claiming exemption from or a reduction in U.S. federal withholding Tax, duly completed, together with such supplementary documentation as may be prescribed by applicable law to permit Borrower or the Administrative Agent to determine the withholding or deduction required to be made; and

(D)if a payment made to a Lender under any Loan Document would be subject to U.S. federal withholding Tax imposed by FATCA if such Lender were to fail to comply with the applicable reporting requirements of FATCA (including those contained in Section 1471(b) or 1472(b) of the Code, as applicable), such Lender shall deliver to Borrower and the Administrative Agent at the time or times prescribed by law and at such time or times reasonably requested by Borrower or the Administrative Agent such documentation prescribed by applicable law (including as prescribed by Section 1471(b)(3)(C)(i) of the Code) and such additional documentation reasonably requested by Borrower or the Administrative Agent as may be necessary for Borrower and the Administrative Agent to comply with their obligations under FATCA and to determine that such Lender has complied with such Lender's obligations under FATCA or to

determine the amount to deduct and withhold from such payment. Solely for purposes of this clause (D), "FATCA" shall include any amendments made to FATCA after the date of this Agreement.

(ii) Each Lender agrees that if any form or certification it previously delivered pursuant to this Section 3.1 expires or becomes obsolete or inaccurate in any respect, it shall update such form or certification or promptly notify Borrower and the Administrative Agent in writing of its legal inability to do so.

(f) Treatment of Certain Refunds. Unless required by applicable Laws, at no time shall the Administrative Agent have any obligation to file for or otherwise pursue on behalf of a Lender or the Issuing Lender, or have any obligation to pay to any Lender or the Issuing Lender, any refund of Taxes withheld or deducted from funds paid for the account of such Lender or the Issuing Lender, as the case may be. If any Recipient determines that it has received a refund of any Taxes as to which it has been indemnified by Borrower or with respect to which Borrower has paid additional amounts pursuant to this Section 3.1, it shall pay to Borrower an amount equal to such refund (but only to the extent of indemnity payments made, or additional amounts paid, by Borrower under this Section 3.1 with respect to the Taxes giving rise to such refund), net of all out-of-pocket expenses (including Taxes) incurred by such Recipient, and without interest (other than any interest paid by the relevant Governmental Authority with respect to such refund); provided that Borrower, upon the request of the Recipient, agrees to repay the amount paid over to Borrower (plus any penalties, interest or other charges imposed by the relevant Governmental Authority) to the Recipient in the event the Recipient is required to repay such refund to such Governmental Authority. Notwithstanding anything to the contrary in this subsection, in no event will the applicable Recipient be required to pay any amount to Borrower pursuant to this subsection the payment of which would place the Recipient in a less favorable net after-Tax position than such Recipient would have been in if the Tax subject to indemnification and giving rise to such refund had not been deducted, withheld or otherwise imposed and the indemnification payments or additional amounts with respect to such Tax had never been

paid. This subsection shall not be construed to require any Recipient to make available its tax returns (or any other information relating to its taxes that it deems confidential) to Borrower or any other Person.

(g) Survival. Each party's obligations under this Section 3.1 shall survive the resignation or replacement of the Administrative Agent or any assignment of rights by, or the replacement of, a Lender or the Issuing Lender, the termination of the Commitments and the repayment, satisfaction or discharge of all other Obligations.

**3.2 Illegality.** If any Lender determines that any Law has made it unlawful, or that any Governmental Authority has asserted that it is unlawful, for any Lender or its applicable Lending Office to make, maintain or fund Loans (whether denominated in Dollars or an Alternative Currency) whose interest is determined by reference to a Relevant Rate, or to determine or charge interest rates based upon a Relevant Rate or to purchase or sell, or to take deposits of, any Alternative Currency in the applicable interbank market, then, on notice thereof by such Lender to the Borrower through the Administrative Agent, (a) any obligation of such Lender to make or maintain Alternative Currency Loans in the affected currency or currencies or, in the case of Loans denominated in Dollars, to make or continue Term SOFR Loans or to convert Base Rate Loans to Term SOFR Loans, shall be, in each case, suspended, and (b) if such notice asserts the illegality of such Lender making or maintaining Base Rate Loans the interest rate on which is determined by reference to the Term SOFR component of the Base Rate, the interest rate on which Base Rate Loans of such Lender shall, if necessary to avoid such illegality, be determined by the Administrative Agent without reference to the Term SOFR component of the Base Rate, in each case until such Lender notifies the Administrative Agent and Borrower that the circumstances giving rise to such determination no longer exist. Upon receipt of such notice, (i) Borrower shall, upon demand from such Lender (with a copy to the Administrative Agent), prepay all Term SOFR Loans or Alternative Currency Loans, as applicable, in the affected currency or currencies or, if applicable and such Loans are denominated in Dollars, convert all such Term SOFR Loans of such Lender to Base Rate Loans (the interest rate on which Base Rate Loans of such Lender shall, if necessary to avoid such illegality, be determined by the Administrative Agent without reference to the Term SOFR component of the Base Rate), in each case immediately, or, in the case of Term SOFR Loans or Alternative Currency

Term Rate Loans, on the last day of the Interest Period therefor if such Lender may lawfully continue to maintain such Term SOFR or Alternative Currency Term Rate Loans to such day and (ii) if such notice asserts the illegality of such Lender determining or charging interest rates based upon Term SOFR, the Administrative Agent shall during the period of such suspension compute the Base Rate applicable to such Lender without reference to the Term SOFR component thereof until the Administrative Agent is advised in writing by such Lender that it is no longer illegal for such Lender to determine or charge interest rates based upon Term SOFR. Upon any such prepayment or conversion, Borrower shall also pay accrued interest on the amount so prepaid or converted, together with any additional amounts required pursuant to Section 3.5.

### 3.3 Inability to Determine Rates.

(a) If in connection with any request for a Term SOFR Loan or an Alternative Currency Loan or a conversion of Base Rate Loans to Term SOFR Loans or a continuation of any of such Loans, as applicable, (i) the Administrative Agent determines (which determination shall be conclusive absent manifest error) that (A) no Successor Rate for the Relevant Rate for the applicable Agreed Currency has been determined in accordance with Section 3.3(b) or Section 3.3(c) and the circumstances under clause (i) of Section 3.3(b) or of Section 3.3(c) or the Scheduled Unavailability Date has occurred with respect to such Relevant Rate (as applicable), or (B) adequate and reasonable means do not otherwise exist for determining the Relevant Rate for the applicable Agreed Currency for any determination date(s) or requested Interest Period, as applicable, with respect to a proposed Term SOFR Loan or an Alternative Currency Loan or in connection with an existing or proposed Base Rate Loan, or (ii) the Administrative Agent or the Requisite Lenders determine that for any reason that the Relevant Rate with respect to a

proposed Loan denominated in an Agreed Currency for any requested Interest Period or determination date(s) does not adequately and fairly reflect the cost to such Lenders of funding such Loan, the Administrative Agent will promptly so notify the Borrower and each Lender.

Thereafter, (x) the obligation of the Lenders to make or maintain Loans in the affected currencies, as applicable, or to make or maintain Term SOFR Loans, or to convert Base Rate Loans to Term SOFR Loans, shall be suspended (in each case to the extent of the affected Term SOFR Loans, Alternative Currency Loans or Interest Period or determination date(s), as applicable), and (y) in the event of a determination described in the preceding sentence with respect to the Term SOFR component of the Base Rate, the utilization of the Term SOFR component in determining the Base Rate shall be suspended, in each case until the Administrative Agent (or, in the case of a determination by the Requisite Lenders described in clause (ii) of this Section 3.3(a), until the Administrative Agent upon instruction of the Requisite Lenders) revokes such notice (if such notice was provided as a result of the determination of the Administrative Agent) (which the Administrative Agent agrees promptly to do upon determination by the Administrative Agent or the Requisite Lenders that the circumstances giving rise to such notice no longer exist).

Upon receipt of such notice, (i) the Borrower may revoke any pending request for a Borrowing of, continuation of or conversion to Term SOFR Loans (to the extent of the affected Term SOFR Loans or Interest Periods), or a Borrowing of, continuation of or conversion to Alternative Currency Loans (to the extent of the affected Alternative Currency Loans or Interest Period or determination date(s)), as applicable or, failing that, in either case, will be deemed to have converted such request into a request for a Borrowing of Base Rate Loans denominated in Dollars in the Dollar Equivalent of the amount specified therein and (ii) (A) any outstanding Term SOFR Loans shall be deemed to have been converted to Base Rate Loans immediately at the end of their respective applicable Interest Period and (B) any outstanding affected Alternative Currency Loans, at the Borrower's election, shall either (1) be converted into a Borrowing of Base Rate Loans denominated in Dollars in the Dollar Equivalent of the amount of such outstanding Alternative Currency Loan immediately, in the case of an Alternative Currency Daily Rate Loan, or at the end of the applicable Interest Period, in the case of an Alternative Currency Term Rate Loan, or (2) be prepaid in full immediately, in the case of an Alternative Currency Daily Rate Loan, or at the end of the applicable Interest Period, in the case

of an Alternative Currency Term Rate Loan; provided that if no election is made by the Borrower (x) in the case of an Alternative Currency Daily Rate Loan, by the date that is three (3) Business Days after receipt by the Borrower of such notice or (y) in the case of an Alternative Currency Term Rate Loan, by the last day of the current Interest Period for the applicable Alternative Currency Term Rate Loan, the Borrower shall be deemed to have elected clause (1) above.

(b) **Replacement of Term SOFR or SOFR Successor Rate.** Notwithstanding anything to the contrary in this Agreement or any other Loan Documents, if the Administrative Agent determines (which determination shall be conclusive absent manifest error), or the Borrower or Requisite Lenders notify the Administrative Agent (with, in the case of the Requisite Lenders, a copy to the Borrower) that the Borrower or Requisite Lenders (as applicable) have determined, that:

(i) adequate and reasonable means do not exist for ascertaining one month, three month and six month interest periods of Term SOFR, including, without limitation, because the Term SOFR Screen Rate is not available or published on a current basis and such circumstances are unlikely to be temporary; or

(ii) CME or any successor administrator of the Term SOFR Screen Rate or a Governmental Authority having jurisdiction over the Administrative Agent or such administrator

with respect to its publication of Term SOFR, in each case acting in such capacity, has made a public statement identifying a specific date after which each of one month, three month and six month interest periods of Term SOFR or the Term SOFR Screen Rate shall or will no longer be made available, or permitted to be used for determining the interest rate of U.S. Dollar denominated syndicated loans, or shall or will otherwise cease, provided that, at the time of such statement, there is no successor administrator that is satisfactory to the Administrative Agent that will continue to provide such interest periods of Term SOFR after such specific date (the latest date on which one month, three month and six month interest periods of Term SOFR or the Term SOFR Screen Rate are no longer available permanently or indefinitely, the "SOFR Scheduled Unavailability Date");

then, on a date and time determined by the Administrative Agent (any such date, the "Term SOFR Replacement Date"), which date shall be at the end of an Interest Period or on the relevant interest payment date, as applicable, for interest calculated and, solely with respect to clause (ii) above, no later than the SOFR Scheduled Unavailability Date, Term SOFR will be replaced hereunder and under any Loan Document with Daily Simple SOFR *plus* the SOFR Adjustment for any payment period for interest calculated that can be determined by the Administrative Agent, in each case, without any amendment to, or further action or consent of any other party to, this Agreement or any other Loan Document (the "SOFR Successor Rate").

If the Successor Rate is Daily Simple SOFR plus the SOFR Adjustment, all interest payments will be payable on a monthly basis.

Notwithstanding anything to the contrary herein, (i) if the Administrative Agent determines that Daily Simple SOFR is not available on or prior to the Term SOFR Replacement Date, or (ii) if the events or circumstances of the type described in Section 3.3(b)(i) or (ii) have occurred with respect to the SOFR Successor Rate then in effect, then in each case, the Administrative Agent and the Borrower may amend this Agreement solely for the purpose of replacing Term SOFR or any then current Successor Rate in accordance with this Section 3.3 at the end of any Interest Period, relevant interest payment date or payment period for interest calculated, as applicable, with an alternative benchmark rate giving due consideration to any evolving or then existing convention for similar U.S. Dollar denominated credit facilities syndicated and agented in the United States for such alternative benchmark. and, in each case, including any mathematical or other adjustments to such benchmark giving due consideration to any evolving or then existing convention for similar U.S. Dollar denominated credit facilities syndicated and agented in the United States for such benchmark. For the avoidance of doubt, any such proposed rate and adjustments, shall constitute a "SOFR Successor Rate". Any such amendment shall become effective at 5:00 p.m. (California time) on the fifth Business Day after the Administrative Agent shall have posted such proposed

amendment to all Lenders and the Borrower unless, prior to such time, Lenders comprising the Requisite Lenders have delivered to the Administrative Agent written notice that such Requisite Lenders object to such amendment.

(c) **Replacement of Relevant Rate or Successor Rate with respect to Alternative Currency Loans.** Notwithstanding anything to the contrary in this Agreement or any other Loan Documents, if the Administrative Agent determines (which determination shall be conclusive absent manifest error), or the Borrower or Requisite Lenders notify the Administrative Agent (with, in the case of the Requisite Lenders, a copy to the Borrower) that the Borrower or Requisite Lenders (as applicable) have determined, that:

(i) adequate and reasonable means do not exist for ascertaining the Relevant Rate for an Agreed Currency (other than Dollars) because none of the tenors of such Relevant Rate under this Agreement for such Agreed Currency is available or published on a current basis, and such circumstances are unlikely to be temporary; or

(ii) the Applicable Authority has made a public statement identifying a specific date after which all tenors of the Relevant Rate for an Agreed Currency (other than Dollars) under this Agreement shall or will no longer be representative or made available, or permitted to be used for determining the interest rate of syndicated loans denominated in such Agreed Currency (other than Dollars), or shall or will otherwise cease, provided that, in each case, at the time of such statement, there is no successor administrator that is satisfactory to the Administrative Agent that will continue to provide such representative tenor(s) of the Relevant Rate for such Agreed Currency (other than Dollars) (the latest date on which all tenors of the Relevant Rate for such Agreed Currency (other than Dollars) under this Agreement are no longer representative or available permanently or indefinitely, the "Non-SOFR Scheduled Unavailability Date");

or if the events or circumstances of the type described in Section 3.3(c)(i) or (ii) have occurred with respect to the Non-SOFR Successor Rate then in effect, then, the Administrative Agent and the Borrower may amend this Agreement solely for the purpose of replacing the Relevant Rate for an Agreed Currency (other than Dollars) or any then current Non-SOFR Successor Rate for an Agreed Currency (other than Dollars) in accordance with this Section 3.3(c) with an alternative benchmark rate giving due consideration to any evolving or then existing convention for similar credit facilities syndicated and agented in the U.S. and denominated in such Agreed Currency for such alternative benchmarks, and, in each case, including any mathematical or other adjustments to such benchmark giving due consideration to any evolving or then existing convention for similar credit facilities syndicated and agented in the U.S. and denominated in such Agreed Currency for such benchmarks, which adjustment or method for calculating such adjustment shall be published on an information service as selected by the Administrative Agent from time to time in its reasonable discretion and may be periodically updated (and any such proposed rate, including for the avoidance of doubt, any adjustment thereto, a "Non-SOFR Successor Rate", and collectively with the SOFR Successor Rate, each a "Successor Rate"), and any such amendment shall become effective at 5:00 p.m. (California time) on the fifth Business Day after the Administrative Agent shall have posted such proposed amendment to all Lenders and the Borrower unless, prior to such time, Lenders comprising the Requisite Lenders have delivered to the Administrative Agent written notice that such Requisite Lenders object to such amendment.

(d) **Successor Rate.** The Administrative Agent will promptly (in one or more notices) notify the Borrower and each Lender of the implementation of any Successor Rate.

Any Successor Rate shall be applied in a manner consistent with market practice; provided that to the extent such market practice is not administratively feasible for the Administrative Agent, such Successor Rate shall be applied in a manner as otherwise reasonably determined by the Administrative Agent.

Notwithstanding anything else herein, if at any time any Successor Rate as so determined would otherwise be less than zero, the Successor Rate will be deemed to be zero for the purposes of this Agreement and the other Loan Documents.

In connection with the implementation of a Successor Rate, the Administrative Agent will have the right to make Conforming Changes from time to time and, notwithstanding anything to the contrary herein or in any other Loan Document, any amendments implementing such Conforming Changes will become effective without any further action or consent of any other party to this Agreement; provided that, with respect to any such amendment effected, the Administrative Agent shall post each such amendment implementing such Conforming Changes to the Borrower and the Lenders reasonably promptly after such amendment becomes effective.

(e) **Determination of Requisite Lenders.** For purposes of this Section 3.3, those Lenders that either have not made, or do not have an obligation under this Agreement to make, the relevant Loans in the relevant Alternative Currency shall be excluded from any determination of Requisite Lenders.

**3.4 Increased Costs.**

(a) **Increased Costs Generally.** If any Change in Law shall:

(i) impose, modify or deem applicable any reserve, special deposit, compulsory loan, insurance charge or similar requirement against assets of, deposits with or for the account of, or credit extended or participated in by, any Lender or the Issuing Lender;

(ii) subject any Recipient to any Taxes (other than (A) Indemnified Taxes, (B) Taxes described in clauses (b) through (d) of the definition of Excluded Taxes and (C) Connection Income Taxes) on its loans, loan principal, letters of credit, commitments, or other obligations, or its deposits, reserves, other liabilities or capital attributable thereto; or

(iii) impose on any Lender or the Issuing Lender or any applicable interbank market any other condition, cost or expense affecting this Agreement, Term SOFR Loans made by such Lender or Alternative Currency Loans made by such Lender or any Letter of Credit or participation therein;

and the result of any of the foregoing shall be to increase the cost to such Lender of making, converting to, continuing or maintaining any Loan (or of maintaining its obligation to make any such Loan), or to increase the cost to such Lender or the Issuing Lender of participating in, issuing or maintaining any Letter of Credit (or of maintaining its obligation to participate in or to issue any Letter of Credit), or to reduce the amount of any sum received or receivable by such Lender or the Issuing Lender hereunder (whether of principal, interest or any other amount) then, upon request of such Lender or the Issuing Lender, Borrower will pay to such Lender or the Issuing Lender, as the case may be, such additional amount or amounts as will compensate such Lender or the Issuing Lender, as the case may be, for such additional costs incurred or reduction suffered; provided that (x) such Lender shall be generally seeking comparable compensation from similarly situated borrowers under similar credit facilities (to the extent such Lender has the right under such similar credit facilities to do so) with respect to such Change in Law regarding such increased cost or reduction and (y) that such additional amounts shall not be duplicative of any amounts to the extent otherwise paid by the Borrower under any other provisions of this Agreement.

(b) **Capital Requirements.** If any Lender or the Issuing Lender determines that any Change in Law affecting such Lender or the Issuing Lender or any Lending Office of such Lender or such Lender's or the Issuing Lender's holding company, if any, regarding capital or liquidity requirements has or would have the effect of reducing the rate of return on such Lender's or the Issuing Lender's capital or on the capital of such Lender's or the Issuing Lender's holding company, if any, as a consequence of this Agreement, the Commitments of such Lender or the Loans made by, or participations in Letters of Credit or Swing Line Loans held by, such Lender, or the Letters of Credit issued by the Issuing Lender, to a level below that which such Lender or the Issuing Lender or such Lender's or the Issuing Lender's holding company could have achieved but for such Change in Law (taking into consideration such Lender's or the Issuing Lender's policies and the policies of such Lender's or the Issuing Lender's holding company with respect to capital adequacy or

liquidity), then from time to time Borrower will pay to such Lender or the Issuing Lender, as the case may be, such additional amount or amounts as will compensate such Lender or the Issuing Lender or such Lender's or the Issuing Lender's holding company for any such reduction suffered; provided that (x) such Lender shall be generally seeking comparable compensation from similarly

situated borrowers under similar credit facilities (to the extent such Lender has the right under such similar credit facilities to do so) with respect to such Change in Law regarding such increased cost or reduction and (y) that such additional amounts shall not be duplicative of any amounts to the extent otherwise paid by the Borrower under any other provisions of this Agreement.

(c) **Certificates for Reimbursement.** A certificate of a Lender or the Issuing Lender setting forth the amount or amounts necessary to compensate such Lender or the Issuing Lender or its holding company, as the case may be, as specified in subsection (a) or (b) of this Section and delivered to Borrower shall be conclusive absent manifest error. Borrower shall pay such Lender or the Issuing Lender, as the case may be, the amount shown as due on any such certificate within 10 days after receipt thereof.

(d) **Delay in Requests.** Failure or delay on the part of any Lender or the Issuing Lender to demand compensation pursuant to the foregoing provisions of this Section 3.4 shall not constitute a waiver of such Lender's or the Issuing Lender's right to demand such compensation, provided that Borrower shall not be required to compensate a Lender or the Issuing Lender pursuant to the foregoing provisions of this Section for any increased costs incurred or reductions suffered more than six months prior to the date that such Lender or the Issuing Lender, as the case may be, notifies Borrower of the Change in Law giving rise to such increased costs or reductions and of such Lender's or the Issuing Lender's intention to claim compensation therefor (except that, if the Change in Law giving rise to such increased costs or reductions is retroactive, then the six-month period referred to above shall be extended to include the period of retroactive effect thereof).

**3.5 Compensation for Losses.** Upon demand of any Lender (with a copy to the Administrative Agent) from time to time, Borrower shall promptly compensate such Lender for and hold such Lender harmless from any loss, cost or expense incurred by it as a result of:

(a) any continuation, conversion, payment or prepayment of any Loan other than a Base Rate Loan on a day other than the last day of the Interest Period, relevant interest payment date or payment period, as applicable, for such Loan, if applicable (whether voluntary, mandatory, automatic, by reason of acceleration, or otherwise);

(b) any failure by Borrower (for a reason other than the failure of such Lender to make a Loan) to prepay, borrow, continue or convert any Loan other than a Base Rate Loan on the date or in the amount notified by Borrower;

(c) any failure by Borrower to make payment of any Loan or drawing under any Letter of Credit (or interest due thereon) denominated in an Alternative Currency on its scheduled due date or any payment thereof in a different currency; or

(d) any assignment of a Term SOFR Loan or Alternative Currency Term Rate Loan on a day other than the last day of the Interest Period therefor as a result of a request by Borrower pursuant to Section 10.13;

including any loss of anticipated profits, any foreign exchange losses and any loss or expense arising from the liquidation or reemployment of funds obtained by it to maintain such Loan, from fees payable to terminate the deposits from which such funds were obtained or from the performance of any foreign exchange contract. Borrower shall also pay any customary administrative fees charged by such Lender in connection with the foregoing.

For purposes of calculating amounts payable by Borrower to the Lenders under this Section 3.5, each Lender shall be deemed to have funded each Term SOFR Loan and Alternative Currency Term Rate Loan

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made by it at the applicable Relevant Rate for such Loan by a matching deposit or other borrowing in the offshore interbank market for such currency for a comparable amount and for a comparable period, whether or not such Loan was in fact so funded.

**3.6 Mitigation Obligations; Replacement of Lenders.**

(a) **Designation of a Different Lending Office.** Each Lender may make any Extension of Credit to Borrower through any Lending Office, provided that the exercise of this option shall not affect the obligation of Borrower to repay the Extension of Credit in accordance with the terms of this Agreement. If any Lender requests compensation under Section 3.4, or requires Borrower to pay any Indemnified Taxes or additional amounts to any Lender, the Issuing Lender, or any Governmental Authority for the account of any Lender or the Issuing Lender pursuant to Section 3.1, or if any Lender gives a notice pursuant to Section 3.2, then at the request of Borrower such Lender or the Issuing Lender shall, as applicable, use reasonable efforts to designate a different Lending Office for funding or booking its Loans hereunder or to assign its rights and obligations hereunder to another of its offices, branches or affiliates, if, in the judgment of such Lender or the Issuing Lender, such designation or assignment (i) would eliminate or reduce amounts payable pursuant to Section 3.1 or 3.4, as the case may be, in the future, or eliminate the need for the notice pursuant to Section 3.2, as applicable, and (ii) in each case, would not subject such Lender or the Issuing Lender, as the case may be, to any unreimbursed cost or expense and would not otherwise be disadvantageous to such Lender or the Issuing Lender, as the case may be. Borrower hereby agrees to pay all reasonable and documented costs and expenses incurred by any Lender or the Issuing Lender in connection with any such designation or assignment.

(b) **Replacement of Lenders.** If any Lender requests compensation under Section 3.4, or if Borrower is required to pay any Indemnified Taxes or additional amounts to any Lender or any Governmental Authority for the account of any Lender pursuant to Section 3.1 and, in each case, such Lender has declined or is unable to designate a different lending office in accordance with Section 3.6(a), Borrower may replace such Lender in accordance with Section 10.13.

**3.7 Survival.** All of Borrower's obligations under this Section 3 shall survive termination of the Aggregate Commitments, repayment of all other Obligations hereunder, and resignation of the Administrative Agent.

**SECTION 4  
CONDITIONS**

**4.1 Conditions of Initial Extensions of Credit.** The effectiveness of this Agreement is subject to the following conditions precedent, each of which shall be satisfied prior to or concurrently with the Effective Date (unless all of Lenders, in their sole and absolute discretion, shall agree otherwise):

(a) Administrative Agent shall have received all of the following, each properly executed by a Responsible Officer of Borrower, each dated as of the Effective Date or, in the case of the documents required under subsection (iii) below, as of a recent date, and each in form and substance satisfactory to Administrative Agent, each of the Lenders, and their respective legal counsel (unless otherwise specified or, in the case of the date of any of the following, unless Administrative Agent otherwise agrees or directs):

(i) at least one executed counterpart of this Agreement, together with arrangements satisfactory to Administrative Agent for additional executed counterparts of this Agreement, sufficient in number for distribution to each Lender and Borrower;

(ii) Notes executed by Borrower in favor of each Lender requesting a Note;

(iii) A copy of a certificate of the Secretary of State of the State of Delaware, dated reasonably near the date of the signing of this Agreement, certifying (A) as to a true and correct copy of the certificate of incorporation of the Borrower and (B) that the Borrower is duly incorporated and in good standing;

(iv) the Opinion of Counsel;

(v) a certificate signed by a Responsible Officer of Borrower certifying that (i) the conditions specified in Sections 4.1(d) and 4.1(e) have been satisfied, and (ii) since December 31, 2019, no event or condition shall have occurred that has had or could reasonably be expected to have a Material Adverse Effect;

(vi) a certificate of the Secretary of the Borrower, dated as of the Effective Date, certifying as to (A) copies of the resolutions of the board of directors of the Borrower approving the transactions contemplated by this Agreement and each Loan Document to which it is a party, (B) the names and true signatures of the officers of the Borrower authorized to sign each Loan Document and the other documents to be delivered hereunder and thereunder, (C) a true and correct copy of the bylaws of the Borrower as in effect on the Effective Date, and (D) a true and correct copy of the certificate of incorporation of the Borrower in effect on the Effective Date; and

(vii) the Bank of America Fee Letter executed by each party thereto.

(b) Any fees required to be paid on or before the Effective Date under any Loan Document shall have been paid.

(c) Costs and expenses (including Attorney Costs) of Bank of America to the extent invoiced prior to or on the Effective Date (plus the duly accrued and invoiced fees and expenses of counsel to Bank of America) shall have been paid.

(d) The representations and warranties of Borrower contained in Section 5 shall be true and correct in all material respects (without duplication of any materiality standards set forth therein).

(e) Borrower shall be in compliance with all the terms and provisions of the Loan Documents, and giving effect to all Extensions of Credit made on the Effective Date, no Default or Event of Default shall result therefrom on the Effective Date.

(f) The Administrative Agent shall have received evidence reasonably satisfactory to it that, concurrently with the Effective Date, (i) all amounts owing under the Existing Credit Agreement to lenders thereunder who elect not to become Lenders hereunder, if any, have been paid in full and (ii) all accrued and unpaid interest and fees owing to the Lenders under the Existing Credit Agreement have been paid in full.

(g) The Lenders shall have received, prior to the Effective Date, all documentation and other information required by regulatory authorities under applicable "know your customer" and anti-money laundering rules and regulations, including, without limitation, the US Patriot Act, and, if Borrower qualifies as a "legal entity customer" under the Beneficial Ownership Regulation, Borrower shall have delivered to each Lender that so requests a Beneficial Ownership Certification at least three (3) Business Days prior to the Effective Date.

Without limiting the generality of the provisions of Section 9.4, for purposes of determining compliance with the conditions specified in this Section 4.1, each Lender that has signed this Agreement

shall be deemed to have consented to, approved or accepted or to be satisfied with, each document or other matter required thereunder to be consented to or approved by or acceptable or satisfactory to a Lender unless Administrative Agent shall have received notice from such Lender prior to the proposed Effective Date specifying its objection thereto.

**4.2 Any Extension of Credit.** In addition to the occurrence of the Effective Date, the obligation of each Lender and the Issuing Lender to make any Extension of Credit, including on the Effective Date, is subject to the following conditions precedent:

- (a) the representations and warranties of Borrower contained in Section 5 are true and correct in all material respects (without duplication of any materiality standards set forth therein) as though made on and as of such date (after giving effect to the proposed Extension of Credit occurring on such date), except to the extent such representations and warranties expressly relate solely to an earlier date (in which case such representations and warranties shall have been true and complete on and as of such earlier date);
- (b) no Default or Event of Default has occurred and is continuing, or would result from such proposed Extension of Credit;
- (c) Administrative Agent shall have timely received a duly completed Request for Extension of Credit or Letter of Credit Application, as applicable, by Requisite Notice by the Requisite Time therefor; and
- (d) in the case of an Extension of Credit to be denominated in an Alternative Currency, there shall not have occurred any change in national or international financial, political or economic conditions or currency exchange rates or exchange controls which in the reasonable opinion of Administrative Agent or Requisite Revolving Credit (MC) Lenders (in the case of any Loan to be denominated in an Alternative Currency) or the Issuing Lender (in the case of any Letter of Credit to be denominated in an Alternative Currency) would make it impracticable for such Extension of Credit to be denominated in the relevant Alternative Currency.

## **SECTION 5**

### **REPRESENTATIONS AND WARRANTIES**

Borrower represents and warrants to Administrative Agent and Lenders that:

**5.1 Existence and Qualification; Power; Compliance With Laws.** Borrower and each of its Significant Subsidiaries is duly organized or formed, validly existing and in good standing under the laws of the jurisdiction of its incorporation or organization except where the failure to be in good standing could not reasonably be expected to have a Material Adverse Effect. Borrower and each of its Significant Subsidiaries is duly qualified or registered to transact business and is in good standing in each other jurisdiction in which the conduct of its business or the ownership or leasing of its Properties makes such qualification or registration necessary, except where the failure so to qualify or register and to be in good standing would not constitute a Material Adverse Effect. Borrower and each of its Significant Subsidiaries has all requisite power and authority to (a) conduct its business and to own and lease its Properties, except where the failure to do so would not result in a Material Adverse Effect and (b) to execute and deliver each Loan Document to which it is a party and to perform its Obligations hereunder and thereunder in all material respects. Borrower and each of its Significant Subsidiaries is in compliance with all Laws and other legal requirements applicable to its business, has obtained all authorizations, consents, approvals, orders, licenses and permits from, and has accomplished all filings, registrations and qualifications with, or obtained exemptions from any of the foregoing from, any Governmental Authority that are necessary for the

transaction of its business, except where the failure so to comply, file, register, qualify or obtain exemptions does not constitute a Material Adverse Effect.

**5.2 Authority; Compliance With Other Agreements and Instruments and Government Regulations.** The execution, delivery and performance by Borrower of the Loan Documents to which it is a party have been duly authorized by all necessary corporate or other organizational action, and do not and will not:

- (a) Require any consent or approval not heretofore obtained of any partner, director, manager, stockholder, security holder or creditor of such party;

- (b) Violate or conflict with any provision of such party's charter, articles of incorporation, bylaws or other organizational documents, as applicable;
- (c) Result in or require the creation or imposition of any Lien (other than Permitted Liens) upon or with respect to any Property now owned or leased or hereafter acquired by such party;
- (d) Violate any Laws applicable to such party; or
- (e) Result in a breach of or constitute a default under, or cause or permit the acceleration of any obligation owed under, any indenture or loan or credit agreement or any other Contractual Obligation to which such party is a party or by which such party or any of its Property is bound or affected.

**5.3 No Governmental Approvals or Other Consents Required.** No authorization, consent, approval, order, license or permit from, or filing, registration or qualification with, any Governmental Authority or any other Person is or will be necessary or required to authorize or permit under applicable Laws the execution, delivery and performance by, or enforcement against, Borrower of the Loan Documents to which it is a party.

**5.4 Binding Obligations.** Each of the Loan Documents to which Borrower is a party will, when executed and delivered by it, constitute the legal, valid and binding obligation of Borrower, enforceable against it in accordance with its terms, except as enforcement may be limited by Debtor Relief Laws or equitable principles relating to the granting of specific performance and other remedies as a matter of judicial discretion, regardless of whether considered in a proceeding in law or equity.

**5.5 Litigation.** Except for (a) any matter fully covered as to subject matter and amount (subject to applicable deductibles and retentions) by insurance for which the insurance carrier has not asserted lack of subject matter coverage or reserved its right to do so, (b) any matter, or series of related matters, involving a claim against Borrower or any Significant Subsidiary thereof of less than \$100,000,000, (c) matters of an administrative nature not involving a claim or charge against Borrower or any of its Subsidiaries and (d) matters set forth in Schedule 5.5, there are no actions, suits, proceedings or investigations pending as to which Borrower or any of its Subsidiaries have been served or have received notice or, to the knowledge of Borrower, threatened against or affecting Borrower or any of its Subsidiaries or any Property of any of them before any Governmental Authority, which if adversely determined would have a Material Adverse Effect.

**5.6 No Default.** No event has occurred and is continuing that is a Default or Event of Default.

**5.7 ERISA Compliance.**

- (a) Each "employee benefit plan" (as defined by Section 3(3) of ERISA) sponsored or maintained by Borrower or any Subsidiary is in compliance in all material respects with the applicable provisions of ERISA, the Code and other federal or state law. Each Pension Plan or other "employee benefit plan" which is intended to qualify under Section 401(a) of the Code has received a favorable determination letter from the United States Internal Revenue Service or an application for such a letter is currently being processed by the United States Internal Revenue Service with respect thereto and, to the knowledge of Borrower, nothing has occurred which would prevent, or cause the loss of, such qualification.
- (b) Borrower and each ERISA Affiliate have met all applicable requirements under the Pension Funding Rules in respect of each Pension Plan and Multiemployer Plan, and no application for a funding waiver or an extension of any amortization period under the Pension Funding Rules has been made with respect to any Pension Plan or Multiemployer Plan.
- (c) There are no pending or, to the knowledge of Borrower, threatened claims, actions or lawsuits, or action by any Governmental Authority, with respect to any Pension Plan which has resulted or could reasonably be expected to result in a Material

Adverse Effect. There has been no prohibited transaction or violation of the fiduciary responsibility rules with respect to any Pension Plan which has resulted or could reasonably be expected to result in a Material Adverse Effect.

(d) (i) No ERISA Event has occurred or is reasonably expected to occur; (ii) no Pension Plan has any Unfunded Pension Liability, other than Unfunded Pension Liability which, when aggregated with all Unfunded Pension Liability of all other Pension Plans, does not exceed \$100,000,000 in the aggregate at any time; (iii) neither Borrower nor any ERISA Affiliate has incurred, or reasonably expects to incur, any liability under Title IV of ERISA with respect to any Pension Plan (other than premiums due and not delinquent under Section 4007 of ERISA); (iv) neither Borrower nor any ERISA Affiliate has incurred, or reasonably expects to incur, any liability (and no event has occurred which, with the giving of notice under Section 4219 of ERISA, would result in such liability) under Section 4201 or 4243 of ERISA with respect to a Multiemployer Plan; and (v) neither Borrower nor any ERISA Affiliate has engaged in a transaction that could be subject to Sections 4069 or 4212(c) of ERISA, except in the cases of clauses (i), (iii), (iv) and (v) above would not reasonably be expected to result in a Material Adverse Effect.

(e) Borrower represents and warrants as of the Effective Date that Borrower is not and will not be using "plan assets" (within the meaning of 29 CFR § 2510.3-101, as modified by Section 3(42) of ERISA or otherwise) of one or more Benefit Plans in connection with the Loans, the Letters of Credit or the Commitments.

**5.8 Use of Proceeds; Margin Regulations.** The Borrower is not engaged and will not engage, principally or as one of its important activities, in the business of purchasing or carrying margin stock (within the meaning of Regulation U issued by the FRB), or extending credit for the purpose of purchasing or carrying margin stock. Following the application of the proceeds of each Borrowing or drawing under each Letter of Credit, not more than 25% of the value of the assets (either of the Borrower only or of the Borrower and its Subsidiaries on a consolidated basis) subject to the provisions of Section 7.1 or subject to any restriction contained in any agreement or instrument between the Borrower and any Lender or any Affiliate of any Lender relating to Indebtedness and within the scope of Section 8.1(f) will be margin stock.

**5.9 Title to Property.** Borrower and its Significant Subsidiaries have valid title to the Property reflected in the balance sheet described in Section 5.12(a), other than (i) items of Property which are immaterial to Borrower and its Significant Subsidiaries, taken as a whole, and Property subsequently sold or disposed of in the ordinary course of business, free and clear of all Liens, other than Liens described in

Schedule 5.9 or permitted by Section 7.1 or (ii) where the failure to have such valid title would not reasonably be expected to result in a Material Adverse Effect.

**5.10 Intangible Assets.** Borrower and its Significant Subsidiaries own, or possess the right to use to the extent necessary in their respective businesses, all material trademarks, trade names, copyrights, patents, patent rights, computer software, licenses and other Intangible Assets that are used in the conduct of their businesses as now operated, and no such Intangible Asset, to the best knowledge of Borrower, conflicts with the valid trademark, trade name, copyright, patent, patent right or Intangible Asset of any other Person to the extent that such conflict constitutes a Material Adverse Effect.

**5.11 Tax Liability.** Borrower and its Subsidiaries have filed all tax returns which are required to be filed, and have paid, or made provision for the payment of, all taxes with respect to the periods, Property or transactions covered by said returns, or pursuant to any assessment received by Borrower or any of its Subsidiaries, except (a) such taxes, if any, as are being contested in good faith by appropriate proceedings and as to which adequate reserves have been established and maintained and (b) where the failure to file or pay such Taxes would not reasonably be expected to result in a Material Adverse Effect.

**5.12 Financial Statements.**

(a) The audited consolidated balance sheet dated December 31, 2019, the most recent audited consolidated balance sheet delivered pursuant to Section 6.1(a), and the most recent quarterly consolidated balance sheet delivered pursuant to Section 6.1(b), of Borrower and its Subsidiaries, and the related consolidated statements of income or operations, Stockholders' Equity and cash flows for the Fiscal Year or Fiscal Quarter, as applicable, ended on those dates (i) were prepared in accordance with GAAP consistently applied throughout the period covered thereby, except as otherwise expressly noted therein, (ii) fairly present the financial condition, in all material respects, of Borrower and its Subsidiaries as of the date thereof and results of operations for the period covered thereby; and (iii) show all material Indebtedness and other liabilities, direct or contingent, of Borrower and its Subsidiaries as of the date thereof, including liabilities for taxes or other material commitments.

(b) Since December 31, 2019, there has been no event, circumstance or condition that has had or could reasonably be expected to have a Material Adverse Effect.

**5.13 Environmental Compliance.** Borrower and its Subsidiaries conduct in the ordinary course of business a review of the effect of existing Environmental Laws and claims alleging potential liability or responsibility for violation of any Environmental Law on their respective businesses, operations and properties, and as a result thereof Borrower has reasonably concluded that compliance with such Environmental Laws and claims could not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect.

**5.14 Investment Company Act.** Neither Borrower nor any of its Subsidiaries is or is required to be registered as an "investment company" under the Investment Company Act of 1940.

**5.15 Insurance.** The properties of Borrower and its Subsidiaries are insured with financially sound and reputable insurance companies not Affiliates of Borrower, in such amounts and covering such risks as are customarily carried by companies engaged in similar businesses and owning similar properties in localities where Borrower or such Subsidiary operates.

**5.16 Disclosure.** No written statement made by a Responsible Officer to Administrative Agent or any Lender in connection with this Agreement, or in connection with any Loan, as of the date thereof

contained any untrue statement of a material fact or omitted a material fact necessary to make the statement made not misleading in light of all the circumstances existing at the date the statement was made.

**5.17 OFAC.** Neither Borrower, nor any of its Subsidiaries, nor, to the knowledge of Borrower and its Subsidiaries, any director, officer, employee, agent, affiliate or representative thereof, is an individual or entity that is, or is owned or controlled by any individual or entity that is (i) currently the subject or target of any Sanctions, (ii) included on OFAC's List of Specially Designated Nationals, HMT's Consolidated List of Financial Sanctions Targets and the Investment Ban List, or any similar list enforced by any other relevant sanctions authority or (iii) located, organized or resident in a Designated Jurisdiction.

**5.18 Anti-Corruption Laws; Sanctions.** Borrower and its Subsidiaries have conducted their businesses in compliance in all material respects with the United States Foreign Corrupt Practices Act of 1977, the UK Bribery Act 2010, and other similar anti-corruption legislation in other jurisdictions and all applicable Sanctions, and have instituted and maintained policies and procedures reasonably designed to promote and achieve compliance with such laws and such Sanctions in all material respects.

**5.19 Affected Financial Institutions.** Borrower is not an Affected Financial Institution.

**5.20 Beneficial Ownership Certification.** As of the Effective Date, the information included in the Beneficial Ownership Certification, if applicable, is true and correct in all material respects.

**5.21 Covered Entity.** Borrower is not a Covered Entity.

**SECTION 6**  
**AFFIRMATIVE COVENANTS**

So long as any Loan remains unpaid, or any other Obligation remains unpaid or unperformed under any Loan Document, any Letter of Credit remains outstanding, or any portion of the Commitments remains in force, Borrower shall, and shall cause each of its Subsidiaries to:

**6.1 Financial Statements.** Deliver to Administrative Agent in form and detail reasonably satisfactory to Administrative Agent and the Requisite Lenders, with sufficient copies for each Lender:

(a) As soon as practicable, and in any event within 95 days after the end of each Fiscal Year, the consolidated balance sheet of Borrower and its Subsidiaries as at the end of such Fiscal Year and the consolidated statements of operations, Stockholders' Equity and cash flows, in each case of Borrower and its Subsidiaries for such Fiscal Year, all in reasonable detail. Such financial statements shall be prepared in accordance with U.S. GAAP, consistently applied, and such consolidated balance sheet and consolidated statements shall be accompanied by a report of independent registered public accounting firm of recognized standing selected by Borrower, which report shall be prepared in accordance with the standards of the Public Company Accounting Oversight Board and applicable securities laws as at such date, and shall not be subject to any qualifications or exceptions as to the scope of the audit nor to any "going concern" or like qualification or exception nor to any other qualification or exception that are reasonably determined by the Requisite Lenders in their good faith business judgment to be materially adverse to the interests of Lenders.

(b) As soon as practicable, and in any event within 50 days after the end of each Fiscal Quarter (other than the fourth Fiscal Quarter in any Fiscal Year), the consolidated balance sheet of Borrower and its Subsidiaries as at the end of such Fiscal Quarter and the consolidated statement of operations for such Fiscal Quarter, and its statement of cash flows for the portion of the Fiscal Year ended with such Fiscal Quarter, all in reasonable detail.

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**6.2 Certificates, Notices and Other Information.** Deliver to Administrative Agent in form and detail satisfactory to Administrative Agent and the Requisite Lenders, with sufficient copies for each Lender:

(a) Concurrently with the financial statements required pursuant to Sections 6.1(a) and 6.1(b), a Compliance Certificate signed by a Responsible Officer of Borrower;

(b) Promptly after any reasonable request by Administrative Agent or any Lender through the Administrative Agent, copies of any detailed audit reports, management letters or recommendations submitted to the board of directors (or the audit committee of the board of directors) of Borrower by independent accountants in connection with the accounts or books of Borrower or any of its Subsidiaries, or any audit of any of them;

(c) Promptly after the same are available, copies of each annual report, proxy or financial statement or other report or communication sent to the stockholders of Borrower, and copies of all annual, regular, periodic and special reports and registration statements which Borrower may file or be required to file with the Securities and Exchange Commission under Section 13 or 15(d) of the Securities Exchange Act of 1934, as amended, and not otherwise required to be delivered to Lenders pursuant to other provisions of this Section;

(d) Promptly after request by Administrative Agent or any Lender through the Administrative Agent, copies of any other report or other document that was filed by Borrower or any of its Significant Subsidiaries with any Governmental Authority, other than routine reports or documents filed in connection with Taxes;

(e) As soon as practicable, notice of the occurrence of any (i) ERISA Event, other than with respect to the standard termination of a Pension Plan as to which neither Borrower nor any of its ERISA Affiliates has any liability (contingent or otherwise) and

to which Borrower has contributed less than \$100,000,000 in the aggregate with respect to all such Pension Plans, (ii) "prohibited transaction" (as such term is defined in Section 406 of ERISA or Section 4975 of the Code) in connection with any Pension Plan or any trust created thereunder, (iii) the adoption of, or the commencement of contributions to, any Pension Plan or Multiemployer Plan subject to the Pension Funding Rules by Borrower or any ERISA Affiliate, or (iv) the adoption of any amendment to a Pension Plan subject to the Pension Funding Rules, if such amendment results in a material increase in contributions or Unfunded Pension Liability, telephonic notice specifying the nature thereof, and, no more than five Business Days after such telephonic notice, written notice again specifying the nature thereof and specifying what action Borrower or any of its Subsidiaries are taking or propose to take with respect thereto, and, when known, any action taken by the Internal Revenue Service with respect thereto;

(f) With reasonable promptness copies of (i) all notices received by Borrower or any of its ERISA Affiliates of the PBGC's intent to terminate any Pension Plan or to have a trustee appointed to administer any Pension Plan; (ii) each Schedule B (Actuarial Information) to the annual report (Form 5500 Series) filed by Borrower or any of its ERISA Affiliates with the Internal Revenue Service with respect to each Pension Plan, other than a Pension Plan to which Borrower does not contribute or as to which Borrower has no liability (contingent or otherwise); and (iii) all notices received by Borrower or any of its ERISA Affiliates from a Multiemployer Plan sponsor concerning the imposition or amount of withdrawal liability pursuant to Section 4202 of ERISA;

(g) As soon as practicable, notice of the occurrence of any Default or Event of Default, and of the occurrence or existence of any event or circumstance that foreseeably will become a Default or Event

of Default, specifying the nature and period of existence thereof and specifying what action Borrower is taking or propose to take with respect thereto;

(h) As soon as practicable, notice of (i) the commencement of a legal proceeding or investigation (which investigation is known to Borrower) with respect to a claim against Borrower or any of its Subsidiaries that is \$100,000,000 or more in excess of the amount thereof that is fully covered by insurance, including pursuant to any applicable Environmental Laws or (ii) commencement of a legal proceeding with respect to a claim against Borrower or any of its Subsidiaries in excess of \$100,000,000 or which otherwise may reasonably be expected to result in a Material Adverse Effect;

(i) Notice of any material change in accounting policies or financial reporting practices by Borrower or any of its Significant Subsidiaries (other than changes required by GAAP or by regulations promulgated by the Securities and Exchange Commission);

(j) Promptly, such information and documentation as may be requested by Administrative Agent or any Lender for purposes of compliance with applicable "know your customer" and anti-money-laundering rules and regulations, including, without limitation, the Act and the Beneficial Ownership Regulation; and

(k) Promptly, such other data and information (other than materials protected by the attorney-client privilege and materials which the Borrower or such Subsidiary, as applicable, may not disclose without violation of a confidentiality obligation binding upon it) and as from time to time may be reasonably requested by Administrative Agent, any Lender (through Administrative Agent) or the Requisite Lenders.

Documents required to be delivered pursuant to Section 6.1 or Section 6.2(c) may be delivered electronically, and if so delivered shall be deemed to have been delivered on the date (i) on which Borrower posts such documents, or provides a link thereto on Borrower's website on the Internet at the website address listed on Schedule 10.2 or such documents shall be available on the Website of the Securities and Exchange Commission at <http://www.sec.gov>; or (ii) on which such documents are posted on Borrower's behalf on an Internet or intranet website, if any, to which each Lender and the Administrative Agent have access (whether a commercial, third-party website or whether sponsored by the Administrative Agent); provided that (i) Borrower shall deliver paper copies of such documents to the Administrative Agent or any Lender upon its request to Borrower to deliver such paper copies until a written request to cease

delivering paper copies is given by the Administrative Agent or such Lender and (ii) Borrower shall notify the Administrative Agent and each Lender (by facsimile or electronic mail) of the posting of any such documents and provide to the Administrative Agent by electronic mail electronic versions (i.e. soft copies) of such documents. The Administrative Agent shall have no obligation to request the delivery of or to maintain paper copies of the documents referred to above, and in any event shall have no responsibility to monitor compliance by Borrower with any such request for delivery by a Lender and each Lender shall be solely responsible for requesting delivery to it or maintaining it copies of such documents.

Borrower hereby acknowledges that (a) Administrative Agent and/or the Arrangers may, but shall not be obligated to, make available to Lenders and the Issuing Lender materials and/or information provided by or on behalf of Borrower hereunder (collectively, "**Borrower Materials**") by posting Borrower Materials on Debt Domain, IntraLinks, SyndTrak or another similar electronic system (the "**Platform**") and (b) certain of Lenders may be "public-side" Lenders (i.e., Lenders that do not wish to receive material non-public information with respect to Borrower or its securities) (each, a "**Public Lender**"). Borrower hereby agrees that so long as Borrower is the issuer of any outstanding debt or equity securities that are registered or issued pursuant to a private offering or is actively contemplating issuing any such securities (w) all Borrower Materials that are to be made available to Public Lenders shall be clearly and conspicuously marked "PUBLIC" which, at a minimum, shall mean that the word "PUBLIC" shall appear prominently on

the first page thereof; (x) by marking Borrower Materials "PUBLIC," Borrower shall be deemed to have authorized Administrative Agent, the Arrangers, the Issuing Lender and Lenders to treat such Borrower Materials as not containing any material non-public information with respect to Borrower or its securities for purposes of United States Federal and state securities laws (provided, however, that to the extent such Borrower Materials constitute Information, they shall be treated as set forth in Section 10.7); (y) all Borrower Materials marked "PUBLIC" are permitted to be made available through a portion of the Platform designated "Public Side Information;" and (z) Administrative Agent and the Arrangers shall be entitled to treat any Borrower Materials that are not marked "PUBLIC" as being suitable only for posting on a portion of the Platform not designated "Public Side Information." Notwithstanding the foregoing, Borrower shall be under no obligation to mark any Borrower Materials "PUBLIC."

**6.3 Preservation of Existence.** Preserve and maintain its existences in the jurisdiction of their formation and all material authorizations, rights, franchises, privileges, consents, approvals, orders, licenses, permits, or registrations from any Governmental Authority that are necessary for the transaction of its business, except where the failure to so preserve and maintain the existence of any of Borrower's Significant Subsidiaries and such authorizations would not constitute a Material Adverse Effect and except that a merger permitted hereunder shall not constitute a violation of this covenant; and qualify and remain qualified to transact business in each jurisdiction in which such qualification is necessary in view of their respective business or the ownership or leasing of their respective Properties except where the failure to so qualify or remain qualified would not constitute a Material Adverse Effect.

**6.4 Maintenance of Properties.** Maintain, preserve and protect all of its depreciable Properties in good order and condition, subject to normal wear and tear in the ordinary course of business, and not permit any waste of its Properties, except that the failure to maintain, preserve and protect such Property would not reasonably be expected to result in a Material Adverse Effect.

**6.5 Maintenance of Insurance.** Maintain liability, casualty and other insurance (subject to customary deductibles, self-insurance, and retentions) with reputable insurance companies in such amounts and against such risks as is carried by companies engaged in similar businesses and owning similar assets in the general areas in which Borrower and its Subsidiaries operate.

**6.6 Payment of Tax Obligations.** Pay and discharge all tax liabilities, assessments and governmental charges or levies upon it or its properties or assets as the same shall become due and payable, unless the same are being contested in good faith by appropriate proceedings and adequate reserves in accordance with GAAP are being maintained by Borrower or such Significant Subsidiary.

6.7 **Compliance With Laws.** Comply, within the time period, if any, given for such compliance by the relevant Governmental Authority, with all Laws noncompliance with which constitutes a Material Adverse Effect, except that Borrower and its Subsidiaries need not comply with Laws then being contested by any of them in good faith by appropriate proceedings.

6.8 **Environmental Laws.** Conduct its operations and keep and maintain its property in compliance in all respects with all Environmental Laws, except where the failure to comply would not reasonably be expected to result in a Material Adverse Effect.

6.9 **Inspection Rights.** Subject to the confidentiality provisions of Section 10.7, upon reasonable notice, at any time during regular business hours and as often as requested (but not so as to materially interfere with the business of Borrower or any of its Significant Subsidiaries or the performance by any officer of his or her responsibilities), permit Administrative Agent, accompanied by any Lender which so elects, or any authorized employee, agent or representative thereof, to examine, audit and make copies and abstracts from the records and books of account of, and to visit and inspect the Properties of,

Borrower and its Significant Subsidiaries and to discuss the affairs, finances and accounts of Borrower and its Significant Subsidiaries with any of their officers, key employees or accountants and, upon request, furnish promptly to Administrative Agent or any Lender true copies of all financial information made available to the board of directors or audit committee of the board of directors of Borrower; provided that, at any time other than during the existence of any Default or Event of Default, such visits, examinations and inspections shall (i) be at the expense of the requesting party and (ii) be limited to two instances in any calendar year.

6.10 **Keeping of Records and Books of Account.** Keep adequate records and books of account reflecting all financial transactions in conformity with GAAP, consistently applied, and in material conformity with all applicable requirements of any Governmental Authority having regulatory jurisdiction over Borrower or any of its Significant Subsidiaries.

6.11 **Compliance with ERISA.** Cause, and cause each of its ERISA Affiliates to: (a) maintain each Pension Plan in compliance with the applicable provisions of ERISA, the Code and other federal or state law; (b) cause each Pension Plan which is qualified under Section 401(a) of the Code to maintain such qualification; and (c) make all required contributions to any Pension Plan subject to Section 412 of the Code, except where the failure to do so, whether individually or taken in the aggregate, would not reasonably be expected to result in a Material Adverse Effect.

6.12 **Compliance With Agreements.** Promptly and fully comply with all Contractual Obligations under all material agreements, indentures, leases and/or instruments to which Borrower or any of its Significant Subsidiaries is a party, whether such material agreements, indentures, leases or instruments are with a Lender or another Person, except for any such Contractual Obligations (a) the performance of which would cause a Default or an Event of Default or (b) then being contested by any of them in good faith by appropriate proceedings or if the failure to comply with such Contractual Obligations, agreements, indentures, leases or instruments does not constitute a Material Adverse Effect.

6.13 **Use of Proceeds.** Use the proceeds of all Extensions of Credit for working capital, capital expenditures, Acquisitions, Investments, stock repurchases, dividends, and general corporate purposes of Borrower and its Subsidiaries.

6.14 **Anti-Corruption Laws; Sanctions.** Conduct its businesses in compliance with the United States Foreign Corrupt Practices Act of 1977, the UK Bribery Act 2010, and other similar anti-corruption legislation in other jurisdictions and with all applicable Sanctions, and maintain policies and procedures designed to promote and achieve compliance with such laws and Sanctions in all material respects.

**SECTION 7**  
**NEGATIVE COVENANTS**

So long as any Loan remains unpaid, or any other Obligation remains unpaid or unperformed under any Loan Document, any Letter of Credit remains outstanding, or any portion of the Commitments remains in force, Borrower shall not, and shall not permit any of its Subsidiaries to, directly or indirectly:

**7.1 Liens.** Create, incur, assume or suffer to exist any Lien of any nature upon or with respect to any of their respective Properties, whether now owned or hereafter acquired, except:

- (a) Permitted Liens;
- (b) Liens under the Loan Documents;

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(c) Liens existing on the Effective Date and disclosed in Schedule 5.9 and any renewals, extensions, refinancings, exchanges or amendments thereof; provided that the obligations secured or benefited thereby are not increased except by an amount equal to a reasonable premium or other reasonable amount paid, and fees and expenses reasonably incurred, in connection with such refinancing;

(d) Liens on Property acquired by Borrower or any of its Subsidiaries that were in existence at the time of the acquisition of such Property and were not created in contemplation of such acquisition and any renewals, extensions, refinancings, exchanges or amendments thereof; provided that the obligations secured or benefited thereby are not increased except by an amount equal to a reasonable premium or other reasonable amount paid, and fees and expenses reasonably incurred, in connection with such refinancing;

(e) any Lien created by an agreement or instrument entered into by Borrower or any of its Subsidiaries in the ordinary course of its business which consists of a restriction on the assignability, transfer or hypothecation of such agreement or instrument;

(f) Liens solely on the assets of Foreign Subsidiaries of Borrower securing Indebtedness of such Foreign Subsidiaries of Borrower not exceeding \$150,000,000 in the aggregate at any time;

(g) operating leases entered into from time to time, in the ordinary course of business, by Borrower or any Subsidiary for equipment or vehicles, which may have Liens on the leased personal property;

(h) Liens on the EMJ COLI policies (but on no other assets of Borrower, EMJ or any of their respective Subsidiaries) to the extent granted for the benefit of the holders of the Life Insurance Policy Loans that comply with the requirements of clauses (1) through (4) of the last sentence of the definition of the term "Indebtedness" to secure EMJ's obligations under such Life Insurance Policy Loans; and

(i) other Liens (in addition to those permitted by clauses (a) through (h) above) securing Indebtedness and other obligations, so long as the aggregate outstanding amount of Priority Indebtedness at any time does not exceed 15% of Consolidated Net Tangible Assets.

**7.2 Investments.** Make any Investment (other than Permitted Investments) as of any date if, after giving effect thereto, Borrower would not be in compliance with the terms and conditions of this Agreement on a pro forma basis.

**7.3 Subsidiary Indebtedness.** Permit any Subsidiary of Borrower to create, incur, assume, suffer to exist, or otherwise be liable with respect to, any Indebtedness except:

(a) Indebtedness existing on the Effective Date and disclosed in Schedule 7.3, and any refinancings, refundings, renewals or extensions thereof; provided that the amount of such Indebtedness is not increased at the time of such refinancing, refunding, renewal

or extension except by an amount equal to a reasonable premium or other reasonable amount paid, and fees and expenses reasonably incurred, in connection with such refinancing;

- (b) Indebtedness under the Loan Documents;
- (c) Indebtedness of any Subsidiary to the Borrower or any other Subsidiary of the Borrower;
- (d) Indebtedness owed under Cash Management Agreements entered into by such Person in the ordinary course of business;

(e) obligations (contingent or otherwise) existing or arising under any Swap Contract; provided that (i) such obligations are (or were) entered into by such Person in the ordinary course of business for the purpose of directly mitigating risks associated with fluctuations in interest rates, commodity prices or foreign exchange rates and (ii) such Swap Contract does not contain any provision exonerating the non-defaulting party from its obligation to make payments on outstanding transactions to the defaulting party;

(f) Indemnification or similar provisions in leases entered into from time to time, in the ordinary course of business, by any Subsidiary for equipment or vehicles;

(g) Indebtedness in respect of any Customer Finance Program;

(h) Indebtedness of any Person acquired by Borrower or any of its Subsidiaries that becomes a Subsidiary after the date hereof that is outstanding at the time such Person becomes a Subsidiary and was not incurred in contemplation of such Person becoming a Subsidiary and any refinancings, refundings, renewals or extensions thereof; provided that the amount of such Indebtedness is not increased at the time of such refinancing, refunding, renewal or extension except by an amount equal to a reasonable premium or other reasonable amount paid, and fees and expenses reasonably incurred, in connection with such refinancing;

(i) obligations in respect of Swap Contracts entered into for the purpose of hedging or to mitigate risks to which the Borrower or any Subsidiary is exposed in the conduct of its business or the management of its liabilities (including currency, interest rate and commodity pricing risks);

(j) Indebtedness incurred under sale and leaseback transactions permitted under Section 7.4;

(k) Indebtedness owed to (including obligations in respect of letters of credit or bank guarantees or similar instruments for the benefit of) any person providing workers' compensation, health, disability or other employee benefits or property, casualty or liability insurance to the Borrower or any Subsidiary pursuant to reimbursement or indemnification obligations to such person;

(l) Indebtedness consisting of (i) the financing of insurance premiums or (ii) take-or-pay obligation contained in supply agreements, in each case, in the ordinary course of business;

(m) Indebtedness in respect of performance, bid, appeal and surety bonds, completion guarantees and similar obligations provided by the Borrower or any Subsidiary, including those to secure workers' compensation, disability, health, safety and environmental obligations in the ordinary course of business;

(n) Indebtedness arising from the honoring by a bank or other financial institution of a check, draft or similar instrument drawn against insufficient funds or other cash management services in the ordinary course of business; provided, that such Indebtedness is extinguished within five (5) Business Days of its incurrence;

(o) to the extent the guarantee contemplated by the final sentence of this Section 7.3 has been executed, delivered and is effective, Guaranty Obligations with respect to the Senior Note Indentures; and

(p) other Indebtedness in addition to that described in Sections 7.3(a) through 7.3(o) above so long as the aggregate outstanding amount of Priority Indebtedness at any time does not exceed 15% of Consolidated Net Tangible Assets.

Notwithstanding the foregoing, in no event shall any Subsidiary permit to exist any Guaranty Obligation with respect to (i) any Senior Note Indebtedness or (ii) any other Indebtedness of the Borrower in excess of \$50,000,000, in each case without such Subsidiary also guaranteeing the Indebtedness under the Loan Documents pursuant to a guarantee in form and substance reasonably satisfactory to the Administrative Agent.

**7.4 Sales and Leasebacks.** Become or remain liable as lessee or as guarantor or other surety with respect to any lease with any Person, whether an operating lease or a Capital Lease, of any property (whether real or personal or mixed) whether now owned or hereafter acquired, (a) which Borrower or any of its Subsidiaries has sold or transferred or are to sell or transfer to such Person or such Person's Affiliate, or (b) which Borrower or any such Subsidiary thereof intend to use for substantially the same purpose as any other property which has been or is to be sold or transferred by Borrower or any such Subsidiary thereof to such Person or such Person's Affiliate in connection with such lease; provided that Borrower may enter into any sale and leaseback of real property, improvements thereon and equipment of Borrower entered into to finance or refinance the purchase price or construction of such real property, improvements and equipment; provided that the Net Cash Proceeds of each such transaction during any Fiscal Year together with aggregate Net Cash Proceeds from other sales and leasebacks consummated during such Fiscal Year do not exceed 15% of Consolidated Net Tangible Assets as of the end of the Fiscal Quarter immediately preceding such transaction.

**7.5 Mergers.** Merge or consolidate with or into any Person or sell, lease or convey all or substantially all of its Properties or assets to any other Person, unless (a) with respect to any such merger or consolidation including Borrower, the surviving entity is Borrower, and (b) after giving effect to such transaction on a pro forma basis, no Default or Event of Default exists or would result therefrom.

**7.6 Acquisitions.**

(a) Make or agree to make any Acquisition as of any date if, after giving effect thereto, Borrower would not be in compliance with the terms and conditions of this Agreement on a pro forma basis; or

(b) Directly or indirectly use the proceeds of any Loan in connection with any Hostile Acquisition.

**7.7 ERISA.** (a) At any time, permit any Pension Plan to: (i) engage in any non-exempt "prohibited transaction" (as defined in Section 4975 of the Code); (ii) fail to comply with ERISA or any other applicable Laws; (iii) fail to satisfy the minimum funding standard under the Pension Funding Rules; or (iv) terminate in any manner, which, in each case individually or in the aggregate, could reasonably be expected to result in a Material Adverse Effect, or (b) withdraw, completely or partially, from any Multiemployer Plan if to do so could reasonably be expected to result in a Material Adverse Effect.

**7.8 Interest Coverage Ratio.** Permit the Interest Coverage Ratio, as of the last day of any Fiscal Quarter, to be less than 3.00 to 1.00.

**7.9 Total Net Leverage Ratio.** Permit the Total Net Leverage Ratio, as of the last day of any Fiscal Quarter, to be greater than 0.60 to 1.00.

**7.10 Change in Nature of Business.** Make any material change in the nature of business that Borrower and its Subsidiaries, taken as a whole, are engaged in on the Effective Date and any business activities that are substantially similar thereto, related, or incidental thereto or a reasonable extension, development or expansion thereto.

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**7.11 [Intentionally deleted.]**

**7.12 Distributions.** Make, directly or indirectly, any Distribution, except (a) Borrower may declare and pay dividends with respect to its equity interests payable solely in additional shares of its common stock, (b) Subsidiaries may declare and pay dividends ratably with respect to their equity interests, (c) Borrower may make Distributions pursuant to and in accordance with stock option plans or other benefit plans for management or employees of Borrower and its Subsidiaries and (d) Borrower and its Subsidiaries may make any other Distribution at any time, whether from capital, income or otherwise, and whether in Cash or other Property if, after giving effect thereto, Borrower would be in compliance with the terms and conditions of this Agreement on a pro forma basis.

**7.13 Margin Regulations; Sanctions.**

(a) **Margin Regulations.** Use the proceeds of any Extension of Credit, whether directly or indirectly, and whether immediately, incidentally or ultimately, to purchase or carry Margin Stock or to extend credit to others for the purpose of purchasing or carrying Margin Stock or to refund indebtedness originally incurred for such purpose.

(b) **Sanctions.** Directly or indirectly, use the proceeds of any Extension of Credit, or lend, contribute or otherwise make available such proceeds to any Subsidiary, joint venture partner or other individual or entity, to fund any activities of or business with any individual or entity, or in any Designated Jurisdiction, that, at the time of such funding, is the subject of Sanctions, or in any other manner that will result in a violation by any individual or entity (including any individual or entity participating in the transaction, whether as Lender, Arranger, Administrative Agent, Issuing Lender, Swing Line Lender, or otherwise) of Sanctions or any applicable anti-money laundering and counter-terrorism financing provisions of the Bank Secrecy Act or any regulations issued pursuant to it.

**7.14 Anti-Corruption Laws.** Directly or indirectly use the proceeds of any Extension of Credit for any purpose which would breach the United States Foreign Corrupt Practices Act of 1977, the UK Bribery Act 2010, or other similar anti-corruption legislation in other jurisdictions.

**SECTION 8**

**EVENTS OF DEFAULT AND REMEDIES UPON EVENT OF DEFAULT**

**8.1 Events of Default.** The existence or occurrence of any one or more of the following events, whatever the reason therefor and under any circumstances whatsoever, shall constitute an Event of Default:

(a) Borrower fails to pay any principal on any of the Loans, or any portion thereof, or any reimbursement obligations with respect to any Letter of Credit, on the date when due and in the currency required hereunder; or

(b) Borrower fails to pay any interest on any of the Loans, or any reimbursement obligations with respect to any Letter of Credit, or any fees due hereunder, or any portion thereof, within five Business Days after the date when due and in the currency required hereunder; or

(c) Borrower fails to comply with any of the covenants contained in Section 7; or

(d) Borrower fails to perform or observe any other covenant or agreement (not specified above) contained in any Loan Document on its part to be performed or observed and such failure continues for a period of 30 days after the earlier of (i) notice thereof from Administrative Agent to Borrower (which notice will be given at the request of any Lender) or (ii) Borrower having actual knowledge of such failure; or

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(e) Any representation or warranty of Borrower made in any Loan Document, or in any certificate or other writing delivered by Borrower pursuant to any Loan Document, proves to have been incorrect when made or reaffirmed in any respect that is materially adverse to the interests of Lenders; or

(f) Borrower or any of its Subsidiaries (i) fails to make any payment in respect of any Indebtedness (other than Indebtedness hereunder and Indebtedness under Swap Contracts) having an aggregate principal amount of more than \$100,000,000 when due (whether by scheduled maturity, required prepayment, acceleration, demand, or otherwise) and such failure continues after the applicable grace or notice period, if any, specified in the relevant document on the date of such failure; or (ii) fails to perform or observe any other condition or covenant, or any other event shall occur or condition exist, under any agreement or instrument relating to any such Indebtedness, and such failure continues after the applicable grace or notice period, if any, specified in the relevant document on the date of such failure, if the effect of such failure, event or condition is to cause or to permit (A) the holder or holders of such Indebtedness or beneficiary or beneficiaries of such Indebtedness (or a trustee or agent on behalf of such holder or holders or beneficiary or beneficiaries) to declare such Indebtedness to be due and payable prior to its stated maturity, or (B) any Guaranty Obligation to become payable or cash collateral in respect thereof to be demanded; or (iii) there occurs under any Swap Contract an Early Termination Date (as defined in such Swap Contract) resulting from (A) any event of default under such Swap Contract as to which Borrower or any Subsidiary thereof is the Defaulting Party (as defined in such Swap Contract) or (B) any Termination Event (as so defined) under such Swap Contract as to which Borrower or any Subsidiary thereof is an Affected Party (as so defined) and, in either event, the termination value owed by Borrower or such Subsidiary as a result thereof is greater than \$100,000,000; or

(g) Any material provision of any Loan Document, at any time after its execution and delivery and for any reason other than the agreement or action (or omission to act) of Lenders or satisfaction in full of all the Obligations hereunder and thereunder, ceases to be in full force and effect or is declared by a court of competent jurisdiction to be null and void, invalid or unenforceable in any respect which, in any such event in the reasonable opinion of the Requisite Lenders, is materially adverse to the interests of Lenders; or

(h) A final judgment against Borrower or any of its Subsidiaries is entered for the payment of money in excess of \$100,000,000 (to the extent not covered by insurance) and, absent procurement of a stay of execution, such judgment remains unsatisfied for 60 calendar days after the date of entry of judgment, or in any event later than five days prior to the date of any proposed sale thereunder; or any writ or warrant of attachment or execution or similar process is legally issued or levied against all or any material part of the Property of any such Person to enforce such judgment and is not released, vacated or fully bonded within 30 calendar days after its issue or levy; or

(i) Borrower or any of its Significant Subsidiaries institutes or consents to the institution of any proceeding under a Debtor Relief Law relating to it or to all or any material part of its Property, or is unable or admits in writing its inability to pay its debts as they mature, or makes an assignment for the benefit of creditors; or applies for or consents to the appointment of any receiver, trustee, custodian, conservator, liquidator, rehabilitator or similar officer for it or for all or any material part of its Property; or any receiver, trustee, custodian, conservator, liquidator, rehabilitator or similar officer is appointed without the application or consent of that Person and the appointment continues undischarged or unstayed for 60 calendar days; or any proceeding under a Debtor Relief Law relating to any such Person or to all or any part of its Property is instituted without the consent of that Person and continues undismissed or unstayed for 60 calendar days; or

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(j) Any ERISA Event occurs (either individually or when taken together with all other ERISA Events that have occurred) with respect to a Pension Plan or Multiemployer Plan which has resulted or could reasonably be expected to result in a Material Adverse Effect; or

(k) There occurs any Change of Control of Borrower.

**8.2 Remedies Upon Event of Default.** If any Event of Default occurs, Administrative Agent shall, at the request of, or may, with the consent of, the Requisite Lenders,

(a) declare the commitment of each Lender to make Loans and any obligation of the Issuing Lender to make Letter of Credit Extensions to be terminated, whereupon such commitments and obligation shall be terminated;

(b) declare the unpaid principal amount of all outstanding Loans, all interest accrued and unpaid thereon, and all other amounts owing or payable hereunder or under any other Loan Document to be immediately due and payable, without presentment, demand, protest or other notice of any kind, all of which are hereby expressly waived by Borrower;

(c) require that Borrower Cash Collateralize the Letter of Credit Usage (in an amount equal to the then Outstanding Amount thereof); and

(d) exercise on behalf of itself, Lenders and Issuing Lender all rights and remedies available to itself, Lenders and Issuing Lender under the Loan Documents or applicable law;

provided, however, that upon the occurrence of any event specified in subsection (i) of Section 8.1, the obligation of each Lender to make Loans and any obligation of the Issuing Lender to make Letter of Credit Extensions shall automatically terminate, the unpaid principal amount of all outstanding Loans and all interest and other amounts as aforesaid shall automatically become due and payable, and the obligation of Borrower to Cash Collateralize the Letter of Credit Usage as aforesaid shall automatically become effective, in each case without further act of Administrative Agent, any Lender or Issuing Lender.

**8.3 Application of Funds.** After the exercise of remedies provided for in Section 8.2 (or after the Loans have automatically become immediately due and payable and the Letter of Credit Usage has automatically been required to be Cash Collateralized as set forth in the proviso to Section 8.2), any amounts received on account of the Obligations shall, subject to the provisions of Sections 2.16 and 2.17, be applied by the Administrative Agent in the following order:

First, to payment of that portion of the Obligations constituting fees, indemnities, expenses and other amounts (including fees, charges and disbursements of counsel to Administrative Agent and amounts payable under Section 3) payable to Administrative Agent in its capacity as such;

Second, to payment of that portion of the Obligations constituting fees, indemnities and other amounts (other than principal, interest and Letter of Credit Fees) payable to the Lenders and the Issuing Lender (including fees, charges and disbursements of counsel to the respective Lenders and the Issuing Lender and amounts payable under Section 3), ratably among them in proportion to the respective amounts described in this clause Second payable to them;

Third, to payment of that portion of the Obligations constituting accrued and unpaid Letter of Credit Fees and interest on (i) the Loans, (ii) the aggregate amount of all drawings under Letters of Credit honored by the Issuing Lender and not theretofore reimbursed or converted into Revolving Credit (USD) Loans and

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(iii) other Obligations arising under the Loan Documents, ratably among the Lenders and the Issuing Lender in proportion to the respective amounts described in this clause Third payable to them;

Fourth, to payment of that portion of the Obligations constituting unpaid principal of the Loans and the aggregate amount of all drawings under Letters of Credit honored by the Issuing Lender and not theretofore reimbursed or converted into Revolving Credit

(USD) Loans, ratably among the Lenders and the Issuing Lender in proportion to the respective amounts described in this clause Fourth held by them;

Fifth, to the Administrative Agent for the account of the Issuing Lender, to Cash Collateralize that portion of Letter of Credit Usage comprised of the aggregate undrawn amount of Letters of Credit; and

Last, the balance, if any, after all of the Obligations have been indefeasibly paid in full, to Borrower or as otherwise required by Law.

Subject to Sections 2.17 and 2.4(h), amounts used to Cash Collateralize the aggregate undrawn amount of Letters of Credit pursuant to clause Fifth above shall be applied to satisfy drawings under such Letters of Credit as they occur. If any amount remains on deposit as Cash Collateral after all Letters of Credit have either been fully drawn or expired, such remaining amount shall be applied to the other Obligations, if any, in the order set forth above.

## **SECTION 9**

### **ADMINISTRATIVE AGENT**

#### **9.1 Appointment and Authority.**

(a) Each of the Lenders and the Issuing Lender hereby irrevocably appoints Bank of America to act on its behalf as Administrative Agent hereunder and under the other Loan Documents and authorizes Administrative Agent to take such actions on its behalf and to exercise such powers as are delegated to Administrative Agent by the terms hereof or thereof, together with such actions and powers as are reasonably incidental thereto. The provisions of this Section 9 (other than the consent rights in Section 9.6) are solely for the benefit of Administrative Agent, Lenders and the Issuing Lender, and Borrower shall not have rights as a third party beneficiary of any of such provisions. It is understood and agreed that the use of the term "agent" herein or in any other Loan Documents (or any other similar term) with reference to Administrative Agent is not intended to connote any fiduciary or other implied (or express) obligations arising under agency doctrine of any applicable Law. Instead such term is used as a matter of market custom, and is intended to create or reflect only an administrative relationship between contracting parties.

(b) The Issuing Lender shall act on behalf of Lenders with respect to any Letters of Credit issued by it and the documents associated therewith until such time and except for so long as Administrative Agent may agree at the request of the Requisite Lenders to act for such Issuing Lender with respect thereto; provided, however, that the Issuing Lender shall have all of the benefits and immunities (i) provided to Administrative Agent in this Section 9 with respect to any acts taken or omissions suffered by the Issuing Lender in connection with Letters of Credit issued by it or proposed to be issued by it and the application and agreements for letters of credit pertaining to the Letters of Credit as fully as if the term "Administrative Agent", as used in this Section 9, included the Issuing Lender with respect to such acts or omissions, and (ii) as additionally provided in this Agreement with respect to the Issuing Lender.

**9.2 Rights as a Lender.** The Person serving as Administrative Agent hereunder shall have the same rights and powers in its capacity as a Lender as any other Lender and may exercise the same as though it were not Administrative Agent and the term "Lender" or "Lenders" shall, unless otherwise expressly indicated or unless the context otherwise requires, include the Person serving as Administrative

Agent hereunder in its individual capacity. Such Person and its Affiliates may accept deposits from, lend money to, own securities of, act as the financial advisor or in any other advisory capacity for and generally engage in banking, trust, financial, advisory, underwriting or other of business with Borrower or any of its Subsidiaries or other Affiliate thereof as if such Person were not Administrative Agent hereunder and without any duty to account therefor to Lenders or to provide notice or consent of the Lenders with respect thereto.

**9.3 Exculpatory Provisions.** Administrative Agent or the Arrangers, as applicable, shall not have any duties or obligations except those expressly set forth herein and in the other Loan Documents, and its duties hereunder shall be administrative in nature. Without limiting the generality of the foregoing, Administrative Agent or the Arrangers, as applicable, and any applicable Related Parties thereof:

(a) shall not be subject to any fiduciary or other implied duties, regardless of whether a Default or an Event of Default has occurred and is continuing;

(b) shall not have any duty to take any discretionary action or exercise any discretionary powers, except discretionary rights and powers expressly contemplated hereby or by the other Loan Documents that Administrative Agent is required to exercise as directed in writing by the Requisite Lenders (or such other number or percentage of Lenders as shall be expressly provided for herein or in the other Loan Documents), provided that Administrative Agent shall not be required to take any action that, in its opinion or the opinion of its counsel, may expose Administrative Agent to liability or that is contrary to any Loan Document or applicable law, including for the avoidance of doubt any action that may be in violation of the automatic stay under any Debtor Relief Law or that may effect a forfeiture, modification or termination of property of a Defaulting Lender in violation of any Debtor Relief Law;

(c) shall not have any duty or responsibility to disclose, and shall not be liable for the failure to disclose, to any Lender or the Issuing Lender, any credit or other information concerning the business, prospects, operations, property, financial and other condition or creditworthiness of any of the Borrower or any of its Affiliates, that is communicated to, obtained or in the possession of, the Administrative Agent, Arranger or any of their Related Parties in any capacity, except for notices, reports and other documents expressly required to be furnished to the Lenders by the Administrative Agent herein;

(d) shall not be liable for any action taken or not taken by the Administrative Agent under or in connection with this Agreement or any other Loan Document or the transactions contemplated hereby or thereby (i) with the consent or at the request of the Requisite Lenders (or such other number or percentage of Lenders as shall be necessary, or as Administrative Agent shall believe in good faith shall be necessary, under the circumstances as provided in Sections 10.1 and 8.2) or (ii) in the absence of its own gross negligence or willful misconduct as determined by a court of competent jurisdiction by final and nonappealable judgment. Administrative Agent shall be deemed not to have knowledge of any Default or Event of Default unless and until notice describing such Default or Event of Default is given in writing to Administrative Agent by Borrower, a Lender or the Issuing Lender; and

(e) shall not be responsible for or have any duty or obligation to any Lender or participant or any other Person to ascertain or inquire into (i) any statement, warranty or representation made in or in connection with this Agreement or any other Loan Document, (ii) the contents of any certificate, report or other document delivered hereunder or thereunder or in connection herewith or therewith, (iii) the performance or observance of any of the covenants, agreements or other terms or conditions set forth herein or therein or the occurrence of any Default or Event of Default, (iv) the validity, enforceability, effectiveness or genuineness of this Agreement, any other Loan Document or any other agreement, instrument or document or (v) the satisfaction of any condition set forth in Section 4 or elsewhere herein, other than to confirm receipt of items expressly required to be delivered to Administrative Agent.

**9.4 Reliance by Administrative Agent.** Administrative Agent shall be entitled to rely upon, and shall not incur any liability for relying upon, any notice, request, certificate, consent, statement, instrument, document or other writing (including any electronic message, Internet or intranet website posting or other distribution) believed by it to be genuine and to have been signed, sent or otherwise authenticated by the proper Person. Administrative Agent also may rely upon any statement made to it orally or by telephone and believed by it to have been made by the proper Person, and shall not incur any liability for relying thereon. In determining compliance with any condition hereunder to the making of a Loan, or the issuance, extension, renewal or increase of a Letter of Credit, that by its terms must be fulfilled to the satisfaction of a Lender or the Issuing Lender, Administrative Agent may presume that such condition is satisfactory to such Lender or the Issuing Lender unless Administrative Agent shall have received notice to the contrary

from such Lender or the Issuing Lender prior to the making of such Loan or the issuance of such Letter of Credit. Administrative Agent may consult with legal counsel (who may be counsel for Borrower), independent accountants and other experts selected by it, and shall not be liable for any action taken or not taken by it in accordance with the advice of any such counsel, accountants or experts.

**9.5 Delegation of Duties.** Administrative Agent may perform any and all of its duties and exercise its rights and powers hereunder or under any other Loan Document by or through any one or more sub-agents appointed by Administrative Agent. Administrative Agent and any such sub-agent may perform any and all of its duties and exercise its rights and powers by or through their respective Related Parties. The exculpatory provisions of this Section 9 shall apply to any such sub-agent and to the Related Parties of Administrative Agent and any such sub-agent, and shall apply to their respective activities in connection with the syndication of the credit facilities provided for herein as well as activities as Administrative Agent. Administrative Agent shall not be responsible for the negligence or misconduct of any sub-agents except to the extent that a court of competent jurisdiction determines in a final and nonappealable judgment that Administrative Agent acted with gross negligence or willful misconduct in the selection of such sub-agents.

**9.6 Resignation of Administrative Agent.** Administrative Agent may at any time give notice of its resignation to Lenders, the Issuing Lender and Borrower. Upon receipt of any such notice of resignation, the Requisite Lenders shall have the right to appoint a successor among the Lenders which shall be a bank with an office in the United States, or an Affiliate of any such bank with an office in the United States. Unless an Event of Default shall have occurred and be continuing, such successor administrative agent shall be subject to the consent of the Borrower (which shall not be unreasonably withheld). If no such successor shall have been so appointed by the Requisite Lenders and shall have accepted such appointment within 30 days after the retiring Administrative Agent gives notice of its resignation, then the retiring Administrative Agent may on behalf of Lenders and the Issuing Lender, appoint a successor Administrative Agent meeting the qualifications set forth above (excluding any required consent of the Borrower); provided that if Administrative Agent shall notify Borrower and Lenders that no qualifying Person has accepted such appointment, then such resignation shall nonetheless become effective in accordance with such notice and (1) the retiring Administrative Agent shall be discharged from its duties and obligations hereunder and under the other Loan Documents and (2) except for any indemnity payments or other amounts then owed to the retiring Administrative Agent, all payments, communications and determinations provided to be made by, to or through Administrative Agent shall instead be made by or to each Lender and the Issuing Lender directly, until such time as the Requisite Lenders appoint a successor Administrative Agent as provided for above in this Section. Upon the acceptance of a successor's appointment as Administrative Agent hereunder, such successor shall succeed to and become vested with all of the rights, powers, privileges and duties of the retiring (or retired) Administrative Agent (other than any rights to indemnity payments or other amounts owed to the retiring Administrative Agent as of the effective date of its resignation), and the retiring Administrative Agent shall be discharged from all of its duties and obligations hereunder or under the other Loan Documents (if not already discharged therefrom as provided above in this Section). The fees payable by Borrower to a successor Administrative Agent shall be the same as those payable to its predecessor unless otherwise agreed between Borrower and such

successor. After the retiring Administrative Agent's resignation hereunder and under the other Loan Documents, the provisions of this Section 9 and Section 10.4 shall continue in effect for the benefit of such retiring Administrative Agent, its sub-agents and their respective Related Parties in respect of any actions taken or omitted to be taken by any of them while the retiring Administrative Agent was acting as Administrative Agent.

Any resignation by Bank of America as Administrative Agent pursuant to this Section shall also constitute its resignation as Issuing Lender and Swing Line Lender. If Bank of America resigns as Issuing Lender, it shall retain all the rights, powers, privileges and duties of Issuing Lender hereunder with respect to all Letters of Credit outstanding as of the effective date of its resignation as Issuing Lender and all Letter of Credit Usage with respect thereto, including the right to require the Lenders to make Base Rate Loans or fund risk participations in Unreimbursed Amounts pursuant to Section 2.4(h) or (i). If Bank of America resigns as Swing Line Lender, it shall retain all the rights of the Swing Line Lender provided for hereunder with respect to Swing Line Loans made by it and outstanding as of the effective date of such resignation, including the right to require the Lenders to make Base Rate Loans or fund risk participations in

outstanding Swing Line Loans pursuant to Section 2.3(d) or (e). Upon the appointment by Borrower of a successor Issuing Lender or Swing Line Lender hereunder (which successor shall in all cases be a Lender other than a Defaulting Lender), (a) such successor shall succeed to and become vested with all of the rights, powers, privileges and duties of the retiring Issuing Lender and Swing Line Lender, (b) the retiring Issuing Lender and Swing Line Lender shall be discharged from all of their respective duties and obligations hereunder or under the other Loan Documents, and (c) the successor Issuing Lender shall issue letters of credit in substitution for the Letters of Credit, if any, outstanding at the time of such succession or make other arrangements satisfactory to the retiring Issuing Lender to effectively assume the obligations of the retiring Issuing Lender with respect to such Letters of Credit.

**9.7 Non-Reliance on Administrative Agent, the Arrangers and Other Lenders.** Each Lender and the Issuing Lender acknowledges that none of Administrative Agent nor any Arranger has made any representation or warranty to it, and that no act by Administrative Agent or any Arranger hereafter taken, including any consent to, and acceptance of any assignment or review of the affairs or Borrower or any Affiliate thereof, shall be deemed to constitute any representation or warranty by Administrative Agent or any Arranger to any Lender or the Issuing Lender as to any matter, including whether Administrative Agent or any Arranger have disclosed material information in their (or their Related Parties') possession. Each Lender and the Issuing Lender represents to Administrative Agent and the Arrangers that it has, independently and without reliance upon Administrative Agent, the Arrangers or any other Lender or any of their Related Parties and based on such documents and information as it has deemed appropriate, made its own credit analysis of, appraisal of, and investigation into, the business, prospects, operations, property, financial and other condition and creditworthiness of Borrower and its Subsidiaries, and all applicable bank or other regulatory Laws relating to the transactions contemplated hereby, and made its own decision to enter into this Agreement and to extend credit to Borrower hereunder. Each Lender and the Issuing Lender also acknowledges that it will, independently and without reliance upon Administrative Agent, any Arranger or any other Lender or any of their Related Parties and based on such documents and information as it shall from time to time deem appropriate, continue to make its own credit analysis, appraisals and decisions in taking or not taking action under or based upon this Agreement, any other Loan Document or any related agreement or any document furnished hereunder or thereunder, and to make such investigations as it deems necessary to inform itself as to the business, prospects, operations, property, financial and other condition and creditworthiness of Borrower. Each Lender and the Issuing Lender represents and warrants that (i) the Loan Documents set forth the terms of a commercial lending facility and (ii) it is engaged in making, acquiring or holding commercial loans in the ordinary course and is entering into this Agreement as a Lender or Issuing Lender for the purpose of making, acquiring or holding commercial loans and providing other facilities set forth herein as may be applicable to such Lender or Issuing Lender, and not for the purpose of purchasing, acquiring or holding any other type of financial instrument, and each Lender

and the Issuing Lender agrees not to assert a claim in contravention of the foregoing. Each Lender and the Issuing Lender represents and warrants that it is sophisticated with respect to decisions to make, acquire and/or hold commercial loans and to provide other facilities set forth herein, as may be applicable to such Lender or the Issuing Lender, and either it, or the Person exercising discretion in making its decision to make, acquire and/or hold such commercial loans or to provide such other facilities, is experienced in making, acquiring or holding such commercial loans or providing such other facilities.

**9.8 No Other Duties, Etc.** Anything herein to the contrary notwithstanding, none of the Arrangers or other agents listed on the cover page hereof shall have any powers, duties or responsibilities under this Agreement or any of the other Loan Documents, except in its capacity, as applicable, as Administrative Agent, a Lender or the Issuing Lender hereunder.

**9.9 Administrative Agent May File Proofs of Claim.** In case of the pendency of any proceeding under any Debtor Relief Law or any other judicial proceeding relative to Borrower, Administrative Agent (irrespective of whether the principal of any Loan or Letter of Credit Usage shall then be due and payable as herein expressed or by declaration or otherwise and irrespective of whether Administrative Agent shall have made any demand on Borrower) shall be entitled and empowered, by intervention in such proceeding or otherwise:

(a) to file and prove a claim for the whole amount of the principal and interest owing and unpaid in respect of the Loans, Letter of Credit Usage and all other Obligations that are owing and unpaid under the Loan Documents and to file such other documents as may be necessary or advisable in order to have the claims of Lenders, the Issuing Lender and Administrative Agent (including any claim for the reasonable compensation, expenses, disbursements and advances of Lenders, the Issuing Lender and Administrative Agent and their respective agents and counsel and all other amounts due Lenders, the Issuing Lender and Administrative Agent under Sections 2.4(n), 2.8 and 10.4) allowed in such judicial proceeding; and

(b) to collect and receive any monies or other property payable or deliverable on any such claims and to distribute the same.

Any custodian, receiver, assignee, trustee, liquidator, sequestrator or other similar official in any such judicial proceeding is hereby authorized by each Lender and the Issuing Lender to make such payments to Administrative Agent and, in the event that Administrative Agent shall consent to the making of such payments directly to Lenders and the Issuing Lender, to pay to Administrative Agent any amount due for the reasonable compensation, expenses, disbursements and advances of Administrative Agent and its agents and counsel, and any other amounts due Administrative Agent under Sections 2.8 and 10.4.

Nothing contained herein shall be deemed to authorize Administrative Agent to authorize or consent to or accept or adopt on behalf of any Lender or the Issuing Lender any plan of reorganization, arrangement, adjustment or composition affecting the Obligations or the rights of any Lender or the Issuing Lender or to authorize Administrative Agent to vote in respect of the claim of any Lender or the Issuing Lender in any such proceeding. No Lender shall have any right individually to enforce any guarantee of the Obligations, it being understood and agreed that all powers, rights and remedies under the Loan Documents may be exercised solely by the Administrative Agent on behalf of the Lenders in accordance with the terms thereof. Each Lender will be deemed, by its acceptance of the benefits of the guarantees of the Obligations provided under the Loan Documents, to have agreed to the foregoing provisions.

#### 9.10 Certain ERISA Matters.

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(a) Each Lender (x) represents and warrants, as of the date such Person became a Lender party hereto, to, and (y) covenants, from the date such Person became a Lender party hereto to the date such Person ceases being a Lender party hereto, for the benefit of, the Administrative Agent, and not, for the avoidance of doubt, to or for the benefit of the Borrower or any of its Affiliates, that at least one of the following is and will be true:

(i) such Lender is not using "plan assets" (within the meaning of Section 3(42) of ERISA or otherwise) of one or more Benefit Plans with respect to such Lender's entrance into, participation in, administration of and performance of the Loans, the Letters of Credit, the Commitments or this Agreement;

(ii) the transaction exemption set forth in one or more PTEs, such as PTE 84-14 (a class exemption for certain transactions determined by independent qualified professional asset managers), PTE 95-60 (a class exemption for certain transactions involving insurance company general accounts), PTE 90-1 (a class exemption for certain transactions involving insurance company pooled separate accounts), PTE 91-38 (a class exemption for certain transactions involving bank collective investment funds) or PTE 96-23 (a class exemption for certain transactions determined by in-house asset managers), is applicable with respect to such Lender's entrance into, participation in, administration of and performance of the Loans, the Letters of Credit, the Commitments and this Agreement;

(iii) (A) such Lender is an investment fund managed by a "Qualified Professional Asset Manager" (within the meaning of Part VI of PTE 84-14), (B) such Qualified Professional Asset Manager made the investment decision on behalf of such Lender to enter into, participate in, administer and perform the Loans, the Letters of Credit, the Commitments and this Agreement, (C) the entrance into, participation in, administration of and performance of the Loans, the Letters of Credit, the Commitments and this Agreement satisfies the requirements of sub-sections (b) through (g) of Part I of PTE 84-14 and (D) to the best knowledge of

such Lender, the requirements of subsection (a) of Part I of PTE 84-14 are satisfied with respect to such Lender's entrance into, participation in, administration of and performance of the Loans, the Letters of Credit, the Commitments and this Agreement, or

(iv) such other representation, warranty and covenant as may be agreed in writing between the Administrative Agent, in its sole discretion, and such Lender.

(b) In addition, unless either (1) clause (i) in the immediately preceding clause (a) is true with respect to a Lender or (2) a Lender has provided another representation, warranty and covenant in accordance with clause (iv) in the immediately preceding clause (a), such Lender further (x) represents and warrants, as of the date such Person became a Lender party hereto, to, and (y) covenants, from the date such Person became a Lender party hereto to the date such Person ceases being a Lender party hereto, for the benefit of, the Administrative Agent and not, for the avoidance of doubt, to or for the benefit of the Borrower or any of its Affiliates, that the Administrative Agent is not a fiduciary with respect to the assets of such Lender involved in such Lender's entrance into, participation in, administration of and performance of the Loans, the Letters of Credit, the Commitments and this Agreement (including in connection with the reservation or exercise of any rights by the Administrative Agent under this Agreement, any Loan Document or any documents related hereto or thereto).

**9.11 Recovery of Erroneous Payments.** Without limitation of any other provision in this Agreement, if at any time the Administrative Agent makes a payment hereunder in error to any Lender Recipient Party, whether or not in respect of an Obligation due and owing by the Borrower at such time, where such payment is a Rescindable Amount, then in any such event, each Lender Recipient Party

receiving a Rescindable Amount severally agrees to repay to the Administrative Agent forthwith on demand the Rescindable Amount received by such Lender Recipient Party in Same Day Funds in the currency so received, with interest thereon, for each day from and including the date such Rescindable Amount is received by it to but excluding the date of payment to the Administrative Agent, at the greater of the Federal Funds Rate and a rate determined by the Administrative Agent in accordance with banking industry rules on interbank compensation. Each Lender Recipient Party irrevocably waives any and all defenses, including any "discharge for value" (under which a creditor might otherwise claim a right to retain funds mistakenly paid by a third party in respect of a debt owed by another) or similar defense to its obligation to return any Rescindable Amount. The Administrative Agent shall inform each Lender Recipient Party promptly upon determining that any payment made to such Lender Recipient Party comprised, in whole or in part, a Rescindable Amount.

## **SECTION 10** **MISCELLANEOUS**

**10.1 Amendments, Etc.** Subject to Sections 2.15, 2.18 and 3.3 and the last paragraph of this Section 10.1, no amendment or waiver of any provision of this Agreement or any other Loan Document, and no consent to any departure by Borrower therefrom, shall be effective unless in writing signed by the Requisite Lenders and Borrower and acknowledged by Administrative Agent, and each such waiver or consent shall be effective only in the specific instance and for the specific purpose for which given; provided, however, that no such amendment, waiver or consent shall:

- (a) waive any condition set forth in Section 4.1(a) without the written consent of each Lender;
- (b) without limiting the generality of clause (a) above, waive any condition set forth in Section 4.2 as to any Extension of Credit under a particular Facility without the written consent of the Requisite Facility Lenders under such Facility;
- (c) extend or increase the Commitment of any Lender (or reinstate any Commitment terminated pursuant to Section 8.2), without the written consent of such Lender;

(d) postpone any date fixed by this Agreement or any other Loan Document for any payment of principal, interest, fees or other amounts due to Lenders (or any of them) hereunder or under any other Loan Document without the written consent of each Lender directly adversely affected thereby;

(e) reduce the principal of, or the rate of interest specified herein on, any Loan or Letter of Credit Usage, or (subject to clause (v) of the second proviso to this Section 10.1) any fees or other amounts payable hereunder or under any other Loan Document without the written consent of each Lender directly adversely affected thereby; provided, however, that only the consent of the Requisite Lenders shall be necessary to (i) amend or change the manner of computation of any financial ratio (including any change in any applicable defined term) used in determining the Applicable Margin even if that amendment or change would result in a reduction of any interest rate on any Loan or any fee payable hereunder after the effective date thereof or (ii) amend or change the definition of "Default Rate" or to waive any obligation of Borrower to pay interest or Letter of Credit Fees at the Default Rate;

(f) change the order in which funds are applied pursuant to Section 8.3 without the written consent of each Lender directly adversely affected thereby;

(g) change (i) any provision of this Section or the definition of "Requisite Lenders" or any other provision hereof specifying the number or percentage of Lenders required to amend, waive or otherwise modify any rights hereunder or make any determination or grant any consent hereunder (other

than the definitions specified in clause (ii) of this Section 10.1(g)), without the written consent of each Lender or (ii) the definition of "Requisite Facility Lenders" as it relates to a Facility (or the constituent definition therein relating to such Facility) without the written consent of each Lender under such Facility;

(h) amend Section 1.9 or the definition of "Alternative Currency" without the written consent of each Revolving Credit (MC) Lender; or

(i) impose any greater restriction on the ability of any Lender under a Facility to assign any of its rights or obligations hereunder without the written consent of the Requisite Facility Lenders under such Facility;

and, provided further, that (i) no amendment, waiver or consent shall, unless in writing and signed by the Issuing Lender in addition to Lenders required above, affect the rights or duties of the Issuing Lender under this Agreement or any Issuer Document relating to any Letter of Credit issued or to be issued by it; (ii) no amendment, waiver or consent shall, unless in writing and signed by the Swing Line Lender in addition to Lenders required above, affect the rights or duties of the Swing Line Lender under this Agreement; (iii) no amendment, waiver or consent shall, unless in writing and signed by Administrative Agent in addition to Lenders required above, affect the rights or duties of Administrative Agent under this Agreement or any other Loan Document; (iv) Section 10.6(i) may not be amended, waived or otherwise modified without the consent of each Granting Lender all or any part of whose Loans are being funded by an SPC at the time of such amendment, waiver or other modification; and (v) the Fee Letters may be amended, or rights or privileges thereunder waived, in a writing executed only by the parties thereto. Notwithstanding anything to the contrary herein, no Defaulting Lender shall have any right to approve or disapprove any amendment, waiver or consent hereunder, except that (x) the Commitment of any Defaulting Lender may not be increased or extended without the consent of such Lender and (y) any waiver, amendment or modification requiring the consent of all Lenders or each affected Lender or all Lenders or each affected Lender under a Facility that by its terms affects any Defaulting Lender more adversely than other affected Lenders shall require the consent of such Defaulting Lender.

Notwithstanding any provision herein to the contrary, if Administrative Agent and Borrower acting together identify any ambiguity, omission, mistake, typographical error or other defect in any provision of this Agreement or any other Loan Document (including the schedules and exhibits thereto), then Administrative Agent and Borrower shall be permitted to amend, modify or supplement such

provision to cure such ambiguity, omission, mistake, typographical error or other defect, and such amendment shall become effective without any further action or consent of any other party to this Agreement.

**10.2 Notices; Effectiveness; Electronic Communication.**

(a) **Notices Generally.** Except in the case of notices and other communications expressly permitted to be given by telephone (and except as provided in subsection (b) below), all notices and other communications provided for herein shall be in writing and shall be delivered by hand or overnight courier service, mailed by certified or registered mail or sent by facsimile as follows, and all notices and other communications expressly permitted hereunder to be given by telephone shall be made to the applicable telephone number, as follows:

(i) if to Borrower, Administrative Agent, the Issuing Lender or the Swing Line Lender, to the address, facsimile number, electronic mail address or telephone number specified for such Person on Schedule 10.2; and

(ii) if to any other Lender, to the address, facsimile number, electronic mail address or telephone number specified in its Administrative Questionnaire (including, as appropriate, notices

delivered solely to the Person designated by a Lender on its Administrative Questionnaire then in effect for the delivery of notices that may contain material non-public information relating to Borrower).

Notices and other communications sent by hand or overnight courier service, or mailed by certified or registered mail, shall be deemed to have been given when received; notices and other communications sent by facsimile shall be deemed to have been given when sent (except that, if not given during normal business hours for the recipient, shall be deemed to have been given at the opening of business on the next Business Day for the recipient). Notices and other communications delivered through electronic communications to the extent provided in subsection (b) below, shall be effective as provided in such subsection (b).

(b) **Electronic Communications.** Notices and other communications to Lenders and the Issuing Lender hereunder may be delivered or furnished by electronic communication (including e-mail, FpML messaging and Internet or intranet websites) pursuant to procedures approved by Administrative Agent, provided that the foregoing shall not apply to notices to any Lender or the Issuing Lender pursuant to Section 2 if such Lender or the Issuing Lender, as applicable, has notified Administrative Agent that it is incapable of receiving notices under such Section by electronic communication. Administrative Agent, Swing Line Lender, Issuing Lender or Borrower may each, in its discretion, agree to accept notices and other communications to it hereunder by electronic communications pursuant to procedures approved by it, provided that approval of such procedures may be limited to particular notices or communications. Unless Administrative Agent otherwise prescribes, (i) notices and other communications sent to an e-mail address shall be deemed received upon the sender's receipt of an acknowledgement from the intended recipient (such as by the "return receipt requested" function, as available, return e-mail or other written acknowledgement), and (ii) notices or communications posted to an Internet or intranet website shall be deemed received upon the deemed receipt by the intended recipient at its e-mail address as described in the foregoing clause (i) of notification that such notice or communication is available and identifying the web site address therefor; provided that, for both clauses (i) and (ii), if such notice, email or other communication is not sent during the normal business hours of the recipient, such notice, email or communication shall be deemed to have been sent at the opening of business on the next Business Day for the recipient.

(c) **The Platform.** THE PLATFORM IS PROVIDED "AS IS" AND "AS AVAILABLE." THE AGENT PARTIES (AS DEFINED BELOW) DO NOT WARRANT THE ACCURACY OR COMPLETENESS OF THE BORROWER MATERIALS OR THE ADEQUACY OF THE PLATFORM, AND EXPRESSLY DISCLAIM LIABILITY FOR ERRORS IN OR OMISSIONS FROM THE BORROWER MATERIALS. NO WARRANTY OF ANY KIND, EXPRESS, IMPLIED OR STATUTORY, INCLUDING ANY WARRANTY OF MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE, NON-INFRINGEMENT OF THIRD PARTY RIGHTS OR FREEDOM

FROM VIRUSES OR OTHER CODE DEFECTS, IS MADE BY ANY AGENT PARTY IN CONNECTION WITH THE BORROWER MATERIALS OR THE PLATFORM. In no event shall Administrative Agent or any of its Related Parties (collectively, the "Agent Parties") have any liability to Borrower, any Lender, the Issuing Lender or any other Person for losses, claims, damages, liabilities or expenses of any kind (whether in tort, contract or otherwise) arising out of Borrower's or the Administrative Agent's transmission of Borrower Materials or notices through the Platform, any other electronic platform or electronic messaging service, or through the Internet, except to the extent that such losses, claims, damages, liabilities or expenses are determined by a court of competent jurisdiction by a final and nonappealable judgment to have resulted from the gross negligence or willful misconduct of such Agent Party; provided, however, that in no event shall any Agent Party have any liability to Borrower, any Lender, the Issuing Lender or any other Person for indirect, special, incidental, consequential or punitive damages (as opposed to direct or actual damages).

(d) **Change of Address, Etc.** Each of Borrower, Administrative Agent, the Issuing Lender and the Swing Line Lender may change its address, facsimile or telephone number for notices and other communications hereunder by notice to the other parties hereto. Each other Lender may change its address, facsimile or telephone number for notices and other communications hereunder by notice to Borrower, Administrative Agent, the Issuing Lender and the Swing Line Lender. In addition, each Lender agrees to notify Administrative Agent from time to time to ensure that Administrative Agent has on record (i) an effective address, contact name, telephone number, facsimile number and electronic mail address to which notices and other communications may be sent and (ii) accurate wire instructions for such Lender. Furthermore, each Public Lender agrees to cause at least one individual at or on behalf of such Public Lender to at all times have selected the "Private Side Information" or similar designation on the content declaration screen of the Platform in order to enable such Public Lender or its delegate, in accordance with such Public Lender's compliance procedures and applicable Law, including United States Federal and state securities Laws, to make reference to Borrower Materials that are not made available through the "Public Side Information" portion of the Platform and that may contain material non-public information with respect to Borrower or its securities for purposes of United States Federal or state securities laws.

(e) **Reliance by Administrative Agent, Issuing Lender and Lenders.** Administrative Agent, the Issuing Lender and Lenders shall be entitled to rely and act upon any notices purportedly given by or on behalf of Borrower which are reasonably believed to be genuine and correct even if (i) such notices were not made in a manner specified herein, were incomplete or were not preceded or followed by any other form of notice specified herein, or (ii) the terms thereof, as understood by the recipient, varied from any confirmation thereof. Borrower shall indemnify Administrative Agent, the Issuing Lender, each Lender and the Related Parties of each of them from all losses, costs, expenses and liabilities resulting from the reliance by such Person on each notice purportedly given by or on behalf of Borrower. All telephonic notices to and other telephonic communications with Administrative Agent may be recorded by Administrative Agent, and each of the parties hereto hereby consents to such recording.

**10.3 No Waiver; Cumulative Remedies.** No failure by any Lender, the Issuing Lender or Administrative Agent to exercise, and no delay by any such Person in exercising, any right, remedy, power or privilege hereunder or under any other Loan Document shall operate as a waiver thereof; nor shall any single or partial exercise of any right, remedy, power or privilege hereunder preclude any other or further exercise thereof or the exercise of any other right, remedy, power or privilege. The rights, remedies, powers and privileges herein provided, and provided under each other Loan Document, are cumulative and not exclusive of any rights, remedies, powers and privileges provided by law.

Notwithstanding anything to the contrary contained herein or in any other Loan Document, the authority to enforce rights and remedies hereunder and under the other Loan Documents against Borrower shall be vested exclusively in, and all actions and proceedings at law in connection with such enforcement shall be instituted and maintained exclusively by, the Administrative Agent in accordance with Section 8.2 for the benefit of all the Lenders and the Issuing Lender; provided, however, that the foregoing shall not prohibit (a) the Administrative Agent from exercising on its own behalf the rights and remedies that inure to its benefit (solely in its capacity as Administrative Agent) hereunder and under the other Loan Documents, (b) the Issuing Lender or the Swing Line Lender from exercising the rights and remedies that inure to its benefit (solely in its capacity as Issuing Lender or Swing Line Lender, as the

case may be) hereunder and under the other Loan Documents, (c) any Lender from exercising setoff rights in accordance with Section 10.8 (subject to the terms of Section 2.14), or (d) any Lender from filing proofs of claim or appearing and filing pleadings on its own behalf during the pendency of a proceeding relative to Borrower under any Debtor Relief Law; and provided, further, that if at any time there is no Person acting as Administrative Agent hereunder and under the other Loan Documents, then (i) the Requisite Lenders shall have the rights otherwise ascribed to the Administrative Agent pursuant to Section 8.2 and (ii) in addition to the matters set forth in clauses (b), (c) and (d) of the preceding proviso and subject to Section 2.14, any

Lender may, with the consent of the Requisite Lenders, enforce any rights and remedies available to it and as authorized by the Requisite Lenders.

**10.4 Expenses; Indemnity; Damage Waiver.**

(a) Costs and Expenses. Borrower shall pay (i) all reasonable and documented out-of-pocket expenses incurred by Administrative Agent and its Affiliates (including the reasonable and documented fees, charges and disbursements of one primary counsel for Administrative Agent and one local counsel for Administrative Agent in each applicable jurisdiction), in connection with the syndication of the credit facilities provided for herein, the preparation, negotiation, execution, delivery and administration of this Agreement and the other Loan Documents or any amendments, modifications or waivers of the provisions hereof or thereof (whether or not the transactions contemplated hereby or thereby shall be consummated), (ii) all reasonable and documented out-of-pocket expenses incurred by the Issuing Lender in connection with the issuance, amendment, renewal or extension of any Letter of Credit or any demand for payment thereunder and (iii) all out-of-pocket expenses incurred by Administrative Agent, any Lender or the Issuing Lender (including the fees, charges and disbursements of one primary counsel and of any special and local counsel for the Administrative Agent and the Issuing Lender and one additional counsel for all Lenders and additional counsel in light of actual or potential conflicts of interest or the availability of different claims or defenses), in connection with the enforcement or protection of its rights (A) in connection with this Agreement and the other Loan Documents, including its rights under this Section, or (B) in connection with the Loans made or Letters of Credit issued hereunder, including all such out-of-pocket expenses incurred during any workout, restructuring or negotiations in respect of such Loans or Letters of Credit.

(b) Indemnification by Borrower. Borrower shall indemnify Administrative Agent (and any sub-agent thereof), each Lender and the Issuing Lender, and each Related Party of any of the foregoing Persons (each such Person being called an "Indemnitee") against, and hold each Indemnitee harmless from, any and all losses, claims, damages, penalties, liabilities and related expenses (other than the allocated costs of in-house counsel but including the reasonable and documented out-of-pocket fees, charges and disbursements of (x) one counsel for all Indemnitees, (y) if deemed necessary by the Administrative Agent, one firm of local counsel in each appropriate jurisdiction for all Indemnitees and (z) in the case of an actual or perceived conflict of interest with respect to any Indemnitee, of another firm of counsel for such affected Indemnitee), incurred by any Indemnitee or asserted against any Indemnitee by any third party or by Borrower arising out of, in connection with, or as a result of (i) the execution or delivery of this Agreement, any other Loan Document or any agreement or instrument contemplated hereby or thereby, the performance by the parties hereto of their respective obligations hereunder or thereunder, the consummation of the transactions contemplated hereby or thereby, or, in the case of Administrative Agent (and any sub-agent thereof) and its Related Parties only, the administration of this Agreement and the other Loan Documents, (ii) any Loan or Letter of Credit or the use or proposed use of the proceeds therefrom (including any refusal by the Issuing Lender to honor a demand for payment under a Letter of Credit if the documents presented in connection with such demand do not strictly comply with the terms of such Letter of Credit), (iii) any actual or alleged presence or release of Hazardous Materials on or from any property owned or operated by Borrower or any of its Subsidiaries, or any Environmental Liability related in any way to Borrower or any of its Subsidiaries, or (iv) any actual or prospective claim, litigation, investigation or proceeding relating to any of the foregoing, whether based on contract, tort or any other theory, whether brought by a third party or by Borrower, and regardless of whether any Indemnitee is a party thereto, in all cases, whether or not caused by or arising, in whole or in part, out of the comparative, contributory or sole negligence of the Indemnitee; provided that such indemnity shall not, as to any Indemnitee, be available to the extent that such

losses, claims, damages, liabilities or related expenses (x) are determined by a court of competent jurisdiction by final and non-appealable judgment to have resulted from the gross negligence or willful misconduct of such Indemnitee, (y) result from a claim brought by Borrower against an Indemnitee for breach in bad faith of such Indemnitee's obligations hereunder or under any other Loan Document, if

Borrower has obtained a final and non-appealable judgment in its favor on such claim as determined by a court of competent jurisdiction or (z) result from or related to any dispute that does not arise out of any act or omission on the part of the Borrower or its Subsidiaries or Affiliates brought by one Indemnitee against any other Indemnitee (other than any dispute against the Administrative Agent or any arranger in its capacity as such). Without limiting the provisions of Section 3.1, this Section 10.4(b) shall not apply with respect to Taxes other than any Taxes that represent losses, claims, damages, etc. arising from any non-Tax claim.

(c) Reimbursement by Lenders. To the extent that Borrower for any reason fails to indefeasibly pay any amount required under subsection (a) or (b) of this Section to be paid by it to Administrative Agent (or any sub-agent thereof), the Issuing Lender, the Swing Line Lender or any Related Party of any of the foregoing, each Lender severally agrees to pay to Administrative Agent (or any such sub-agent), the Issuing Lender, the Swing Line Lender or such Related Party, as the case may be, such Lender's Pro Rata Share (determined as of the time that the applicable unreimbursed expense or indemnity payment is sought based on each Lender's share of the Total Credit Exposure at such time) of such unpaid amount (including any such unpaid amount in respect of a claim asserted by such Lender), such payment to be made severally among them based on such Lenders' Pro Rata Share (determined as of the time that the applicable unreimbursed expense or indemnity payment is sought), provided that the unreimbursed expense or indemnified loss, claim, damage, liability or related expense, as the case may be, was incurred by or asserted against Administrative Agent (or any such sub-agent), the Swing Line Lender or the Issuing Lender in its capacity as such, or against any Related Party of any of the foregoing acting for Administrative Agent (or any such sub-agent), the Swing Line Lender or Issuing Lender in connection with such capacity. The obligations of Lenders under this subsection (c) are subject to the provisions of Section 2.14.

(d) Waiver of Consequential Damages, Etc. To the fullest extent permitted by applicable law, Borrower shall not assert, and hereby waives, any claim against any Indemnitee, on any theory of liability, for special, indirect, consequential or punitive damages (as opposed to direct or actual damages) arising out of, in connection with, or as a result of, this Agreement, any other Loan Document or any agreement or instrument contemplated hereby, the transactions contemplated hereby or thereby, any Loan or Letter of Credit or the use of the proceeds thereof. No Indemnitee referred to in subsection (b) above shall be liable for any damages arising from the use by unintended recipients of any information or other materials distributed by it through telecommunications, electronic or other information transmission systems in connection with this Agreement or the other Loan Documents or the transactions contemplated hereby or thereby.

(e) Payments. All amounts due under this Section shall be payable not later than 30 days after demand therefor.

(f) Survival. The agreements in this Section shall survive the resignation of Administrative Agent, the Issuing Lender and the Swing Line Lender, the replacement of any Lender, the termination of the Aggregate Commitments and the repayment, satisfaction or discharge of all the other Obligations.

**10.5 Payments Set Aside.** To the extent that any payment by or on behalf of Borrower is made to Administrative Agent, the Issuing Lender or any Lender, or Administrative Agent, the Issuing Lender or any Lender exercises its right of setoff, and such payment or the proceeds of such setoff or any part thereof is subsequently invalidated, declared to be fraudulent or preferential, set aside or required (including pursuant to any settlement entered into by Administrative Agent, the Issuing Lender or such Lender in its discretion) to be repaid to a trustee, receiver or any other party, in connection with any proceeding under any Debtor Relief Law or otherwise, then (a) to the extent of such recovery, the obligation or part thereof originally intended to be satisfied shall be revived and continued in full

force and effect as if such payment had not been made or such setoff had not occurred, and (b) each Lender and the Issuing Lender severally

agrees to pay to Administrative Agent upon demand its applicable share (without duplication) of any amount so recovered from or repaid by Administrative Agent, plus interest thereon from the date of such demand to the date such payment is made at a rate per annum equal to applicable Overnight Rate from time to time in effect, in the applicable currency of such recovery or payment. The obligations of Lenders and the Issuing Lender under clause (b) of the preceding sentence shall survive the payment in full of the Obligations and the termination of this Agreement.

**10.6 Successors and Assigns.**

(a) **Successors and Assigns Generally.** The provisions of this Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns permitted hereby, except that Borrower may not assign or otherwise transfer any of its rights or obligations hereunder without the prior written consent of Administrative Agent and each Lender and no Lender may assign or otherwise transfer any of its rights or obligations hereunder except (i) to an Eligible Assignee in accordance with the provisions of subsection (b) of this Section, (ii) by way of participation in accordance with the provisions of subsection (d) of this Section, (iii) by way of pledge or assignment of a security interest subject to the restrictions of subsection (f) of this Section, or (iv) to an SPC in accordance with the provisions of subsection (i) of this Section (and any other attempted assignment or transfer by any party hereto shall be null and void). Nothing in this Agreement, expressed or implied, shall be construed to confer upon any Person (other than the parties hereto, their respective successors and assigns permitted hereby, Participants to the extent provided in subsection (d) of this Section and, to the extent expressly contemplated hereby, the Related Parties of each of Administrative Agent, the Issuing Lender and Lenders) any legal or equitable right, remedy or claim under or by reason of this Agreement.

(b) **Assignments by Lenders.** Any Lender may at any time assign to one or more Eligible Assignees all or a portion of its rights and obligations under this Agreement (including all or a portion of its Commitment and the Loans (including for purposes of this subsection (b), participations in Letter of Credit Usage and in Swing Line Loans) at the time owing to it); provided that:

(i) except in the case of an assignment of the entire remaining amount of the assigning Lender's Commitment under any Facility and the Loans at the time owing to it (in each case with respect to any Facility) or in the case of an assignment to a Lender or an Affiliate of a Lender or an Approved Fund with respect to a Lender, the aggregate amount of the Commitment (which for this purpose includes Loans outstanding thereunder) or, if the applicable Commitment is not then in effect, the principal outstanding balance of the Loans of the assigning Lender subject to each such assignment, determined as of the date the Assignment and Assumption with respect to such assignment is delivered to Administrative Agent or, if "Trade Date" is specified in the Assignment and Assumption, as of the Trade Date, shall not be less than the Minimum Amount with respect to such Facility unless each of Administrative Agent and, so long as no Event of Default has occurred and is continuing, Borrower otherwise consents (each such consent not to be unreasonably withheld or delayed); provided, however, that concurrent assignments to members of an Assignee Group and concurrent assignments from members of an Assignee Group to a single Eligible Assignee (or to an Eligible Assignee and members of its Assignee Group) will be treated as a single assignment for purposes of determining whether such minimum amount has been met;

(ii) each partial assignment shall be made as an assignment of a proportionate part of all the assigning Lender's rights and obligations under this Agreement with respect to the Loans or the Commitment assigned, except that this clause (ii) shall not apply to rights in respect of Swing Line Loans;

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(iii) any assignment of a Revolving Credit (USD) Commitment or Revolving Credit (MC) Commitment must be approved by Administrative Agent (which approval will not be unreasonably withheld or delayed) and, in the case of the Revolving Credit (USD) Commitment, the Issuing Lender and the Swing Line Lender (each such approval not to be unreasonably withheld or delayed) unless the Person that is the proposed assignee is itself a Lender with respect to the applicable Facility (whether or not the proposed assignee would otherwise qualify as an Eligible Assignee); and

(iv) the parties to each assignment shall execute and deliver to Administrative Agent an Assignment and Assumption, together with a processing and recordation fee in the amount of \$3,500; provided, however, that the Administrative Agent may, in its sole discretion, elect to waive such processing and recordation fee in the case of any assignment. The assignee, if it shall not be a Lender, shall deliver to Administrative Agent an Administrative Questionnaire.

Subject to acceptance and recording thereof by Administrative Agent pursuant to subsection (c) of this Section, from and after the effective date specified in each Assignment and Assumption, the Eligible Assignee thereunder shall be a party to this Agreement and, to the extent of the interest assigned by such Assignment and Assumption, have the rights and obligations of a Lender under this Agreement, and the assigning Lender thereunder shall, to the extent of the interest assigned by such Assignment and Assumption, be released from its obligations under this Agreement (and, in the case of an Assignment and Assumption covering all of the assigning Lender's rights and obligations under this Agreement, such Lender shall cease to be a party hereto) but shall continue to be entitled to the benefits of Sections 3.1 through 3.4, 3.5 and 10.4 with respect to facts and circumstances occurring prior to the effective date of such assignment; provided that, except to the extent otherwise expressly agreed by the affected parties, no assignment by a Defaulting Lender will constitute a waiver or release of any claim of any party hereunder arising from that Lender's having been a Defaulting Lender. Upon request, Borrower (at its expense) shall execute and deliver new or replacement Notes to the assigning Lender and the assignee Lender. Any assignment or transfer by a Lender of rights or obligations under this Agreement that does not comply with this subsection shall be treated for purposes of this Agreement as a sale by such Lender of a participation in such rights and obligations in accordance with subsection (d) of this Section.

(c) **Register.** Administrative Agent, acting solely for this purpose as an agent of Borrower (and such agency being solely for tax purposes), shall maintain at Administrative Agent's Office a copy of each Assignment and Assumption delivered to it (or the equivalent thereof in electronic form) and a register for the recordation of the names and addresses of Lenders, and the Commitments of, and principal amounts (and stated interest) of the Loans and Letter of Credit Usage owing to, each Lender pursuant to the terms hereof from time to time (the "**Register**"). Upon its receipt of a duly completed Assignment and Assumption executed by an assigning Lender and an Eligible Assignee, the Eligible Assignee's completed administrative questionnaire (unless such Eligible Assignee shall already be a Lender hereunder), any processing and recordation fee and any written consent to such assignment required hereunder, the Administrative Agent shall accept such Assignment and Assumption and record the information contained therein in the Register. No assignment shall be effective for purposes of this Agreement unless it has been recorded in the Register as provided in this clause (c). The entries in the Register shall be conclusive, and Borrower, Administrative Agent and Lenders shall treat each Person whose name is recorded in the Register pursuant to the terms hereof as a Lender hereunder for all purposes of this Agreement, notwithstanding notice to the contrary. The Register shall be available for inspection by Borrower and the Issuing Lender at any reasonable time and from time to time upon reasonable prior notice. In addition, at any time that a request for a consent or a material or substantive change to the Loan Documents is pending, any Lender may request and receive from Administrative Agent a copy of the Register. Each Lender that grants a participation shall, acting solely for this purpose as a non-fiduciary agent of Borrower, maintain a register on which it enters the name and address of each Participant and the principal amounts (and stated interest)

of each Participant's interest in the Lender's rights and/or obligations under this Agreement (the "Participant Register"); provided that no Lender shall have any obligation to disclose all or any portion of the Participant Register (including the identity of any Participant or any information relating to a Participant's interest in any commitments, loans, letters of credit or other obligations under this Agreement) to any Person except to the extent that such disclosure is necessary to establish that such commitment, loan, letter of credit or other obligation is in registered form under Section 5f.103-1(c) of the United States Treasury Regulations. The entries in the Participant Register shall be conclusive absent manifest error, and such Lender shall treat each Person whose name is recorded in the Participant Register as the owner of such participation for all purposes of this Agreement notwithstanding any notice to the contrary. For the avoidance of doubt, the Administrative Agent (in its capacity as Administrative Agent) shall have no responsibility for maintaining a Participant Register.

(d) **Participations.** Any Lender may at any time, without the consent of, or notice to, Borrower or Administrative Agent, sell participations to any Person (other than a natural person, or a holding company investment vehicle or trust for, or owned and operated for the primary benefit of, a natural Person, a Defaulting Lender, or Borrower or any of Borrower's Affiliates or Subsidiaries) (each, a "Participant"); in all or a portion of such Lender's rights and/or obligations under this Agreement (including all or a portion of its Commitment and/or the Loans (including such Lender's participations in Letter of Credit Usage and/or Swing Line Loans) owing to it); provided that (i) such Lender's obligations under this Agreement shall remain unchanged, (ii) such Lender shall remain solely responsible to the other parties hereto for the performance of such obligations and (iii) Borrower, Administrative Agent, Lenders and the Issuing Lender shall continue to deal solely and directly with such Lender in connection with such Lender's rights and obligations under this Agreement. For the avoidance of doubt, each Lender shall be responsible for the indemnity under Section 10.4(c) without regard to the existence of any participation.

Any agreement or instrument pursuant to which a Lender sells such a participation shall provide that such Lender shall retain the sole right to enforce this Agreement and to approve any amendment, modification or waiver of any provision of this Agreement; provided that such agreement or instrument may provide that such Lender will not, without the consent of the Participant, agree to any amendment, waiver or other modification described in the first proviso to Section 10.1 that affects such Participant. Subject to subsection (e) of this Section, Borrower agrees that each Participant shall be entitled to the benefits of Sections 3.1, 3.4 and 3.5 to the same extent as if it were a Lender and had acquired its interest by assignment pursuant to subsection (b) of this Section. To the extent permitted by law, each Participant also shall be entitled to the benefits of Section 10.8 as though it were a Lender, provided such Participant agrees to be subject to Section 2.14 as though it were a Lender.

(e) **Limitations upon Participant Rights.** A Participant shall not be entitled to receive any greater payment under Sections 3.1 or 3.4 than the applicable Lender would have been entitled to receive with respect to the participation sold to such Participant, unless the sale of the participation to such Participant is made with Borrower's prior written consent. A Participant that would be a Foreign Lender if it were a Lender shall not be entitled to the benefits of Section 3.1 unless Borrower is notified of the participation sold to such Participant and such Participant agrees, for the benefit of Borrower, to comply with Section 3.1 as though it were a Lender.

(f) **Certain Pledges.** Any Lender may at any time pledge or assign a security interest in all or any portion of its rights under this Agreement (including under its Note, if any) to secure obligations of such Lender, including any pledge or assignment to secure obligations to a Federal Reserve Bank; provided that no such pledge or assignment shall release such Lender from any of its obligations hereunder or substitute any such pledgee or assignee for such Lender as a party hereto.

(g) [Reserved.]

(h) As used herein, the following terms have the following meaning:

**"Eligible Assignee"** means (a) a Lender; (b) an Affiliate of a Lender; (c) an Approved Fund; and (d) any other Person (other than a natural Person or a holding company investment vehicle or trust for, or owned and operated for the primary benefit of, a natural Person) approved by (i) Administrative Agent and, in the case of an assignment in respect of the Revolving Credit (USD) Facility, the Issuing Lender and the Swing Line Lender, and (ii) unless (A) such Person is taking delivery of an assignment in connection with physical settlement of a credit derivative transaction or (B) an Event of Default has occurred and is continuing, Borrower (each such approval not to be unreasonably withheld or delayed), which approval of any such assignment shall be deemed given by Borrower unless it shall object thereto by written notice to the Administrative Agent within five (5) Business Days after having received notice thereof; provided that notwithstanding the foregoing, "Eligible Assignee" shall not include (x) Borrower or any of its Affiliates or Subsidiaries or (y) any Defaulting Lender or any of its Subsidiaries, or any Person who, upon becoming a Lender hereunder, would constitute any of the foregoing Persons described in this clause (y); provided further that, unless an Event of Default has occurred and is continuing, an Eligible Assignee under clause (d) of this definition shall have a minimum of \$500,000,000 of combined capital and surplus.

**"Fund"** means any Person (other than a natural person or a holding company investment vehicle or trust for, or owned and operated for the primary benefit of, a natural Person) that is (or will be) engaged in making, purchasing, holding or otherwise investing in commercial loans and similar extensions of credit in the ordinary course of its activities.

**"Approved Fund"** means any Fund that is administered or managed by (a) a Lender, (b) an Affiliate of a Lender or (c) an entity or an Affiliate of an entity that administers or manages a Lender.

(i) **Special Purpose Funding Vehicles.** Notwithstanding anything to the contrary contained herein, any Lender (a "Granting Lender") may grant to a special purpose funding vehicle identified as such in writing from time to time by the Granting Lender to Administrative Agent and Borrower (an "SPC") the option to provide all or any part of any Loan that such Granting Lender would otherwise be obligated to make pursuant to this Agreement; provided that (i) nothing herein shall constitute a commitment by any SPC to fund any Loan, and (ii) if an SPC elects not to exercise such option or otherwise fails to make all or any part of such Loan, the Granting Lender shall be obligated to make such Loan pursuant to the terms hereof or, if it fails to do so, to make such payment to Administrative Agent as is required under Section 2.10(d). Each party hereto hereby agrees that (i) neither the grant to any SPC nor the exercise by any SPC of such option shall increase the costs or expenses or otherwise increase or change the obligations of Borrower under this Agreement (including its obligations under Section 3.4), (ii) no SPC shall be liable for any indemnity or similar payment obligation under this Agreement for which a Lender would be liable, and (iii) the Granting Lender shall for all purposes, including the approval of any amendment, waiver or other modification of any provision of any Loan Document, remain the lender of record hereunder. The making of a Loan by an SPC hereunder shall utilize the applicable Commitment of the Granting Lender to the same extent, and as if, such Loan were made by such Granting Lender. In furtherance of the foregoing, each party hereto hereby agrees (which agreement shall survive the termination of this Agreement) that, prior to the date that is one year and one day after the payment in full of all outstanding commercial paper or other senior debt of any SPC, it will not institute against, or join any other Person in instituting against, such SPC any bankruptcy, reorganization, arrangement, insolvency, or liquidation proceeding under the laws of the United States or any State thereof. Notwithstanding anything to the contrary contained herein, any SPC may (i) with notice to, but without prior consent of Borrower or Administrative Agent and with the payment of a processing fee in the amount of \$3,500 (which processing fee may be waived by the Administrative Agent in its sole discretion), assign all or any portion of its right to receive payment with respect to any Loan to the Granting Lender and (ii) disclose on a confidential basis any non-public information relating to

its funding of Loans to any rating agency, commercial paper dealer or provider of any surety or guarantee or credit or liquidity enhancement to such SPC.

(i) **Resignation as Issuing Lender or Swing Line Lender after Assignment.** Notwithstanding anything to the contrary contained herein, if at any time Bank of America assigns all of its Revolving Credit (USD) Commitment and Revolving Credit (USD)

Loans pursuant to subsection (b) above, Bank of America may, (i) upon 30 days' notice to Borrower and Lenders, resign as Issuing Lender and/or (ii) upon 30 days' notice to Borrower, resign as Swing Line Lender. In the event of any such resignation as Issuing Lender or Swing Line Lender, Borrower shall be entitled to appoint from among Lenders a successor Issuing Lender or Swing Line Lender hereunder; provided, however, that no failure by Borrower to appoint any such successor shall affect the resignation of Bank of America as Issuing Lender or Swing Line Lender, as the case may be. If Bank of America resigns as Issuing Lender, it shall retain all the rights, powers, privileges and duties of the Issuing Lender hereunder with respect to all Letters of Credit outstanding as of the effective date of its resignation as Issuing Lender and all Letter of Credit Usage with respect thereto (including the right to require Lenders to make Base Rate Loans or fund risk participations in Unreimbursed Amounts pursuant to Section 2.4). If Bank of America resigns as Swing Line Lender, it shall retain all the rights of the Swing Line Lender provided for hereunder with respect to Swing Line Loans made by it and outstanding as of the effective date of such resignation, including the right to require Lenders to make Base Rate Loans or fund risk participations in outstanding Swing Line Loans pursuant to Section 2.3. Upon the appointment of a successor Issuing Lender and/or Swing Line Lender, (a) such successor shall succeed to and become vested with all of the rights, powers, privileges and duties of the retiring Issuing Lender or Swing Line Lender, as the case may be, and (b) the successor Issuing Lender shall issue letters of credit in substitution for the Letters of Credit, if any, outstanding at the time of such succession or make other arrangements satisfactory to Bank of America to effectively assume the obligations of Bank of America with respect to such Letters of Credit.

(k) Certain Additional Payments. In connection with any assignment of rights and obligations of any Defaulting Lender hereunder, no such assignment shall be effective unless and until, in addition to the other conditions thereto set forth herein, the parties to the assignment shall make such additional payments to the Administrative Agent in an aggregate amount sufficient, upon distribution thereof as appropriate (which may be outright payment, purchases by the assignee of participations or sub-participations, or other compensating actions, including funding, with the consent of Borrower and the Administrative Agent, the applicable Pro Rata Share of Loans previously requested but not funded by the Defaulting Lender, to each of which the applicable assignee and assignor hereby irrevocably consent), to (x) pay and satisfy in full all payment liabilities then owed by such Defaulting Lender to the Administrative Agent, the Issuing Lender or any Lender hereunder (and interest accrued thereon) and (y) acquire (and fund as appropriate) its full Pro Rata Share of all Loans and participations in Letters of Credit and Swing Line Loans in accordance with its Pro Rata Share. Notwithstanding the foregoing, in the event that any assignment of rights and obligations of any Defaulting Lender hereunder shall become effective under applicable Law without compliance with the provisions of this paragraph, then the assignee of such interest shall be deemed to be a Defaulting Lender for all purposes of this Agreement until such compliance occurs.

10.7 Treatment of Certain Information; Confidentiality. Each of Administrative Agent, Lenders and the Issuing Lender agrees to maintain the confidentiality of the Information (as defined below), except that Information may be disclosed (a) to its Affiliates and to its and its Affiliates' respective partners, directors, officers, employees agents, trustees, advisors and representatives (it being understood that the Persons to whom such disclosure is made will be informed of the confidential nature of such Information and instructed to keep such Information confidential), (b) to the extent requested by any regulatory authority purporting to have jurisdiction over it or its Affiliates (including any self-regulatory authority, such as the National Association of Insurance Commissioners), (c) to the extent required by applicable laws or regulations or by any subpoena or similar legal process, (d) to any other party hereto, (e) in connection with

the exercise of any remedies hereunder or under any other Loan Document or any action or proceeding relating to this Agreement or any other Loan Document or the enforcement of rights hereunder or thereunder, (f) subject to an agreement containing provisions substantially the same as those of this Section, to (i) any assignee of or Participant in, or any prospective assignee of or Participant in, any of its rights or obligations under this Agreement or any Eligible Assignee invited to be a Lender pursuant to Section 2.15 or (ii) any actual or prospective counterparty (or its Related Parties) to any swap or derivative transaction relating to Borrower and its obligations, (g) on a confidential basis to (i) any rating agency in connection with rating Borrower or its Subsidiaries or the credit facilities provided hereunder or (ii) the CUSIP Service Bureau or any similar agency in connection with the issuance and monitoring of CUSIP numbers or

other market identifiers with respect to the credit facilities provided hereunder, (h) with the consent of Borrower or (i) to the extent such Information (x) becomes publicly available other than as a result of a breach of this Section or (y) becomes available to Administrative Agent, any Lender, the Issuing Lender or any of their respective Affiliates on a non-confidential basis from a source other than Borrower. In addition, the Administrative Agent and the Lenders may disclose the existence of this Agreement and information about this Agreement to market data collectors, similar service providers to the lending industry and service providers to the Administrative Agent and the Lenders in connection with the administration of this Agreement, the other Loan Documents and the Commitments.

For purposes of this Section, "**Information**" means all information received from Borrower or any of its Subsidiaries relating to Borrower or any Subsidiary or any of their respective businesses, other than any such information that is available to Administrative Agent, any Lender or the Issuing Lender on a non-confidential basis prior to disclosure by Borrower or any Subsidiary thereof, provided that, in the case of information received from Borrower or any Subsidiary thereof after the date hereof, such information is clearly identified at the time of delivery as confidential. Any Person required to maintain the confidentiality of Information as provided in this Section shall be considered to have complied with its obligation to do so if such Person has exercised the same degree of care to maintain the confidentiality of such Information as such Person would accord to its own confidential information.

Each of Administrative Agent, Lenders and the Issuing Lender acknowledges that (a) the Information may include material non-public information concerning Borrower or a Subsidiary thereof, as the case may be, (b) it has developed compliance procedures regarding the use of material non-public information and (c) it will handle such material non-public information in accordance with applicable Law, including Federal and state securities Laws.

**10.8 Right of Setoff.** If an Event of Default shall have occurred and be continuing, each Lender, the Issuing Lender and each of their respective Affiliates is hereby authorized at any time and from time to time, to the fullest extent permitted by applicable Law, to set off and apply any and all deposits (general or special, time or demand, provisional or final, in whatever currency) at any time held and other obligations (in whatever currency) at any time owing by such Lender, the Issuing Lender or any such Affiliate to or for the credit or the account of Borrower against any and all of the obligations of Borrower now or hereafter existing under this Agreement or any other Loan Document to such Lender or the Issuing Lender or their respective Affiliates, irrespective of whether or not such Lender, the Issuing Lender or such Affiliate shall have made any demand under this Agreement or any other Loan Document and although such obligations of Borrower may be contingent or unmatured or are owed to a branch or office of such Lender, the Issuing Lender or Affiliate different from the branch or office holding such deposit or obligated on such indebtedness; provided, that in the event that any Defaulting Lender shall exercise any such right of setoff, (x) all amounts so set off shall be paid over immediately to the Administrative Agent for further application in accordance with the provisions of Section 2.16 and, pending such payment, shall be segregated by such Defaulting Lender from its other funds and deemed held in trust for the benefit of the Administrative Agent and the Lenders, and (y) the Defaulting Lender shall provide promptly to the Administrative Agent a statement describing in reasonable detail the Obligations owing to such Defaulting Lender as to which it

exercised such right of setoff. The rights of each Lender, the Issuing Lender and their respective Affiliates under this Section are in addition to other rights and remedies (including other rights of setoff) that such Lender, the Issuing Lender or their respective Affiliates may have. Each Lender and the Issuing Lender agrees to notify Borrower and Administrative Agent promptly after any such setoff and application, provided that the failure to give such notice shall not affect the validity of such setoff and application.

**10.9 Interest Rate Limitation.** Notwithstanding anything to the contrary contained in any Loan Document, the interest paid or agreed to be paid under the Loan Documents shall not exceed the maximum rate of non-usurious interest permitted by applicable Law (the "**Maximum Rate**"). If Administrative Agent or any Lender shall receive interest in an amount that exceeds the Maximum Rate, the excess interest shall be applied to the principal of the Loans or, if it exceeds such unpaid principal, refunded to Borrower. In determining whether the interest contracted for, charged, or received by Administrative Agent or a Lender exceeds the Maximum Rate, such Person may, to the extent permitted by applicable Law, (a) characterize any payment that is not principal as an expense, fee, or premium rather

than interest, (b) exclude voluntary prepayments and the effects thereof, and (c) amortize, prorate, allocate, and spread in equal or unequal parts the total amount of interest throughout the contemplated term of the Obligations hereunder.

**10.10 Integration; Effectiveness.** This Agreement, the other Loan Documents and any separate letter agreements with respect to fees payable to the Administrative Agent, the arrangers or the Issuing Lender, constitute the entire contract among the parties relating to the subject matter hereof and supersede any and all previous agreements and understandings, oral or written, relating to the subject matter hereof. Except as provided in Section 4.1, this Agreement shall become effective when it shall have been executed by Administrative Agent and when Administrative Agent shall have received counterparts hereof that, when taken together, bear the signatures of each of the other parties hereto, and thereafter shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns.

**10.11 Survival of Representations and Warranties.** All representations and warranties made hereunder and in any other Loan Document or other document delivered pursuant hereto or thereto or in connection herewith or therewith shall survive the execution and delivery hereof and thereof. Such representations and warranties have been or will be relied upon by Administrative Agent and each Lender, regardless of any investigation made by Administrative Agent or any Lender or on their behalf and notwithstanding that Administrative Agent or any Lender may have had notice or knowledge of any Default or Event of Default at the time of any Extension of Credit, and shall continue in full force and effect as long as any Loan or any other Obligation hereunder shall remain unpaid or unsatisfied or any Letter of Credit shall remain outstanding.

**10.12 Severability.** If any provision of this Agreement or the other Loan Documents is held to be illegal, invalid or unenforceable, (a) the legality, validity and enforceability of the remaining provisions of this Agreement and the other Loan Documents shall not be affected or impaired thereby and (b) the parties shall endeavor in good faith negotiations to replace the illegal, invalid or unenforceable provisions with valid provisions the economic effect of which comes as close as possible to that of the illegal, invalid or unenforceable provisions. The invalidity of a provision in a particular jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction. Without limiting the foregoing provisions of this Section 10.12, if and to the extent that the enforceability of any provisions in this Agreement relating to Defaulting Lenders shall be limited by Debtor Relief Laws, as determined in good faith by Administrative Agent, the Issuing Lender or the Swing Line Lender, as applicable, then such provisions shall be deemed to be in effect only to the extent not so limited.

**10.13 Replacement of Lenders.** If any Lender requests compensation under Section 3.4, or if Borrower is required to pay any additional amount to any Lender or any Governmental Authority for the

account of any Lender pursuant to Section 3.1, or if any Lender is a Defaulting Lender or a Non-Consenting Lender or if any other circumstance exists hereunder that gives Borrower the right to replace a Lender as a party hereto, then Borrower may, at its sole expense and effort, upon notice to such Lender and Administrative Agent, require such Lender to assign and delegate, without recourse (in accordance with and subject to the restrictions contained in, and consents required by, Section 10.6), all of its interests, rights (other than its existing rights to payments pursuant to Section 3.1 and 3.4) and obligations under this Agreement and the related Loan Documents to an Eligible Assignee that shall assume such obligations (which assignee may be another Lender, if a Lender accepts such assignment), provided that:

- (a) Borrower shall have paid to Administrative Agent the assignment fee specified in Section 10.6(b);
- (b) such Lender shall have received payment of an amount equal to the outstanding principal of its Loans and its Pro Rata Revolving Credit (USD) Share of Letter of Credit Advances, accrued interest thereon, accrued fees and all other amounts payable to it hereunder and under the other Loan Documents (including any amounts under Section 3.5) from the assignee (to the extent of such outstanding principal and accrued interest and fees) or Borrower (in the case of all other amounts);

- (c) in the case of any such assignment resulting from a claim for compensation under Section 3.4 or payments required to be made pursuant to Section 3.1, such assignment will result in a reduction in such compensation or payments thereafter;
- (d) such assignment does not conflict with applicable Laws; and
- (e) in the case of an assignment resulting from a Lender becoming a Non-Consenting Lender, the applicable assignee shall have consented to the applicable amendment, waiver or consent.

A Lender shall not be required to make any such assignment or delegation if, prior thereto, as a result of a waiver by such Lender or otherwise, the circumstances entitling Borrower to require such assignment and delegation cease to apply. Each party hereto agrees that (i) an assignment required pursuant to this Section 10.13 may be effected pursuant to an Assignment and Assumption executed by the Borrower, the Administrative Agent and the assignee and (ii) the Lender required to make such assignment need not be a party thereto in order for such assignment to be effective and shall be deemed to have consented to an be bound by the terms thereof; provided that, following the effectiveness of any such assignment, the other parties to such assignment agree to execute and deliver such documents necessary to evidence such assignment as reasonably requested by the applicable Lender; provided, further that any such documents shall be without recourse to or warranty by the parties thereto. Notwithstanding anything in this Section to the contrary, (i) the Lender that acts as the Issuing Lender may not be replaced hereunder at any time it has any Letter of Credit outstanding hereunder unless arrangements satisfactory to such Lender (including the furnishing of a backstop standby letter of credit in form and substance, and issued by an issuer, reasonably satisfactory to such Lender or the depositing of cash collateral into a cash collateral account in amounts and pursuant to arrangements reasonably satisfactory to such Lender) have been made with respect to such outstanding Letter of Credit and (ii) the Lender that acts as the Administrative Agent may not be replaced hereunder except in accordance with the terms of Section 9.6.

#### 10.14 Governing Law; Jurisdiction; Etc.

- (a) GOVERNING LAW. THIS AGREEMENT AND THE OTHER LOAN DOCUMENTS SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAW OF THE STATE OF NEW YORK WITHOUT REGARD TO CONFLICT OF LAWS PRINCIPLES THEREOF

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OTHER THAN SECTIONS 5-1401 AND 5-1402 OF THE NEW YORK GENERAL OBLIGATIONS LAW.

- (b) SUBMISSION TO JURISDICTION. EACH OF THE PARTIES HERETO IRREVOCABLY AND UNCONDITIONALLY SUBMITS, FOR ITSELF AND ITS PROPERTY, TO THE NONEXCLUSIVE JURISDICTION OF THE COURTS OF THE STATE OF NEW YORK SITTING IN THE BOROUGH OF MANHATTAN AND OF THE UNITED STATES DISTRICT COURT OF THE SOUTHERN DISTRICT OF NEW YORK, AND ANY APPELLATE COURT FROM ANY THEREOF, IN ANY ACTION OR PROCEEDING ARISING OUT OF OR RELATING TO THIS AGREEMENT OR ANY OTHER LOAN DOCUMENT, OR FOR RECOGNITION OR ENFORCEMENT OF ANY JUDGMENT, AND EACH OF THE PARTIES HERETO IRREVOCABLY AND UNCONDITIONALLY AGREES THAT ALL CLAIMS IN RESPECT OF ANY SUCH ACTION OR PROCEEDING MAY BE HEARD AND DETERMINED IN SUCH NEW YORK STATE COURT OR, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, IN SUCH FEDERAL COURT. EACH OF THE PARTIES HERETO AGREES THAT A FINAL JUDGMENT IN ANY SUCH ACTION OR PROCEEDING SHALL BE CONCLUSIVE AND MAY BE ENFORCED IN OTHER JURISDICTIONS BY SUIT ON THE JUDGMENT OR IN ANY OTHER MANNER PROVIDED BY LAW. NOTHING IN THIS AGREEMENT OR IN ANY OTHER LOAN DOCUMENT SHALL AFFECT ANY RIGHT THAT ADMINISTRATIVE AGENT, ANY LENDER OR THE ISSUING LENDER MAY OTHERWISE HAVE TO BRING ANY ACTION OR PROCEEDING RELATING TO THIS AGREEMENT OR ANY OTHER LOAN DOCUMENT AGAINST BORROWER OR ITS PROPERTIES IN THE COURTS OF ANY JURISDICTION.

(c) **WAIVER OF VENUE.** EACH OF THE PARTIES HERETO IRREVOCABLY AND UNCONDITIONALLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY OBJECTION THAT IT MAY NOW OR HEREAFTER HAVE TO THE LAYING OF VENUE OF ANY ACTION OR PROCEEDING ARISING OUT OF OR RELATING TO THIS AGREEMENT OR ANY OTHER LOAN DOCUMENT IN ANY COURT REFERRED TO IN PARAGRAPH (B) OF THIS SECTION. EACH OF THE PARTIES HERETO HEREBY IRREVOCABLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, THE DEFENSE OF AN INCONVENIENT FORUM TO THE MAINTENANCE OF SUCH ACTION OR PROCEEDING IN ANY SUCH COURT.

(d) **SERVICE OF PROCESS.** EACH PARTY HERETO IRREVOCABLY CONSENTS TO SERVICE OF PROCESS IN THE MANNER PROVIDED FOR NOTICES IN SECTION 10.2. NOTHING IN THIS AGREEMENT WILL AFFECT THE RIGHT OF ANY PARTY HERETO TO SERVE PROCESS IN ANY OTHER MANNER PERMITTED BY APPLICABLE LAW.

**10.15 Waiver of Jury Trial.** EACH PARTY HERETO HEREBY IRREVOCABLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN ANY LEGAL PROCEEDING DIRECTLY OR INDIRECTLY ARISING OUT OF OR RELATING TO THIS AGREEMENT OR ANY OTHER LOAN DOCUMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY OR THEREBY (WHETHER BASED ON CONTRACT, TORT OR ANY OTHER THEORY). EACH PARTY HERETO (1) CERTIFIES THAT NO REPRESENTATIVE, AGENT OR ATTORNEY OF ANY OTHER PERSON HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT SUCH OTHER PERSON WOULD NOT, IN THE EVENT OF LITIGATION, SEEK TO ENFORCE THE FOREGOING WAIVER AND (2) ACKNOWLEDGES THAT IT AND THE OTHER PARTIES HERETO HAVE BEEN INDUCED TO ENTER INTO THIS AGREEMENT AND THE OTHER LOAN DOCUMENTS BY, AMONG OTHER THINGS, THE MUTUAL WAIVERS AND CERTIFICATIONS IN THIS SECTION.

**10.16 USA PATRIOT Act Notice.** Each Lender that is subject to the US Patriot Act (as hereinafter defined) and Administrative Agent (for itself and not on behalf of any Lender) hereby notifies Borrower that pursuant to the requirements of the USA PATRIOT Act (Title III of Pub. L. 107-56 (signed into law October 26, 2001)) (the "US Patriot Act"), it is required to obtain, verify and record information that identifies Borrower, which information includes the name and address of Borrower and other information that will allow such Lender or Administrative Agent, as applicable, to identify Borrower in accordance with the US Patriot Act. Borrower shall, promptly following a request by Administrative Agent or any Lender, provide all documentation and other information that Administrative Agent or such Lender reasonably requests in order to comply with its ongoing obligations under applicable "know your customer" and anti-money laundering rules and regulations, including the US Patriot Act.

**10.17 Time of the Essence.** Time is of the essence of the Loan Documents.

**10.18 Electronic Execution Electronic Records; Counterparts.** This Agreement, any Loan Document and any other Communication, including Communications required to be in writing, may be in the form of an Electronic Record and may be executed using Electronic Signatures. The Borrower and each of the Administrative Agent and each Lender Party agrees that any Electronic Signature on or associated with any Communication shall be valid and binding on such Person to the same extent as a manual, original signature, and that any Communication entered into by Electronic Signature, will constitute the legal, valid and binding obligation of such Person enforceable against such Person in accordance with the terms thereof to the same extent as if a manually executed original signature was delivered. Any Communication may be executed in as many counterparts as necessary or convenient, including both paper and electronic counterparts, but all such counterparts are one and the same Communication. For the avoidance of doubt, the authorization under this paragraph may include, without limitation, use or acceptance of a manually signed paper Communication which has been converted into electronic form (such as scanned into PDF format), or an electronically signed Communication converted into another format, for transmission, delivery and/or retention. The Administrative Agent and each of the Lender Parties may, at its option, create one or more copies of any Communication in the form of an imaged Electronic Record ("Electronic Copy"), which shall be deemed created in the ordinary course of such Person's business, and destroy the original paper document. All Communications in the form of an Electronic Record, including an Electronic Copy, shall be considered an original for all purposes, and shall have the same

legal effect, validity and enforceability as a paper record. Notwithstanding anything contained herein to the contrary, neither the Administrative Agent, Issuing Lender nor Swing Line Lender is under any obligation to accept an Electronic Signature in any form or in any format unless expressly agreed to by such Person pursuant to procedures approved by it; provided, further, without limiting the foregoing, (a) to the extent the Administrative Agent, Issuing Lender and/or Swing Line Lender has agreed to accept such Electronic Signature, the Administrative Agent and each of the Lender Parties shall be entitled to rely on any such Electronic Signature purportedly given by or on behalf of the Borrower and/or any Lender Party without further verification and (b) upon the request of the Administrative Agent or any Lender Party, any Electronic Signature shall be promptly followed by such manually executed counterpart.

Neither the Administrative Agent, Issuing Lender nor Swing Line Lender shall be responsible for or have any duty to ascertain or inquire into the sufficiency, validity, enforceability, effectiveness or genuineness of any Loan Document or any other agreement, instrument or document (including, for the avoidance of doubt, in connection with the Administrative Agent's, Issuing Lender's or Swing Line Lender's reliance on any Electronic Signature transmitted by telecopy, emailed .pdf or any other electronic means). The Administrative Agent, Issuing Lender and Swing Line Lender shall be entitled to rely on, and shall incur no liability under or in respect of this Agreement or any other Loan Document by acting upon, any Communication (which writing may be a fax, any electronic message, Internet or intranet website posting or other distribution or signed using an Electronic Signature) or any statement made to it orally or

by telephone and believed by it to be genuine and signed or sent or otherwise authenticated (whether or not such Person in fact meets the requirements set forth in the Loan Documents for being the maker thereof).

The Borrower and each Lender Party hereby waives (i) any argument, defense or right to contest the legal effect, validity or enforceability of this Agreement, any other Loan Document based solely on the lack of paper original copies of this Agreement, such other Loan Document, and (ii) waives any claim against the Administrative Agent, each Lender Party and each Related Party for any liabilities arising solely from the Administrative Agent's and/or any Lender Party's reliance on or use of Electronic Signatures, including any liabilities arising as a result of the failure of the Borrower to use any available security measures in connection with the execution, delivery or transmission of any Electronic Signature.

**10.19 No Advisory or Fiduciary Responsibility.** In connection with all aspects of each transaction contemplated hereby, Borrower acknowledges and agrees that: (i) the credit facilities provided for hereunder and any related arranging or other services in connection therewith (including in connection with any amendment, waiver or other modification hereof or of any other Loan Document) are an arm's-length commercial transaction between Borrower and its Affiliates, on the one hand, and the Administrative Agent, the Arrangers and the Lenders, on the other hand, and Borrower is capable of evaluating and understanding and understands and accepts the terms, risks and conditions of the transactions contemplated hereby and by the other Loan Documents (including any amendment, waiver or other modification hereof or thereof); (ii) in connection with the process leading to such transaction, the Administrative Agent, the Arrangers and the Lenders each is and has been acting solely as a principal and is not the financial advisor, agent or fiduciary, for Borrower or any of its Affiliates, stockholders, creditors or employees or any other Person; (iii) neither the Administrative Agent, the Arrangers nor the Lenders has assumed or will assume an advisory, agency or fiduciary responsibility in favor of Borrower or any of its Affiliates with respect to any of the transactions contemplated hereby or the process leading thereto, including with respect to any amendment, waiver or other modification hereof or of any other Loan Document (irrespective of whether the Administrative Agent, the Arrangers or the Lenders has advised or is currently advising Borrower or any of its Affiliates on other matters) and neither the Administrative Agent, the Arrangers nor the Lenders has any obligation to Borrower or any of its Affiliates with respect to the transactions contemplated hereby except those obligations expressly set forth herein and in the other Loan Documents; (iv) the Administrative Agent, the Arrangers and the Lenders and their respective Affiliates may be engaged in a broad range of transactions that involve interests that differ from those of Borrower and its Affiliates, and neither the Administrative Agent, the Arrangers nor the Lenders has any obligation to disclose any of such interests by virtue of any advisory, agency or fiduciary relationship; and (v) neither the Administrative Agent, the Arrangers nor the Lenders has provided nor will any of them provide any legal, accounting, regulatory or tax advice with respect to any of the transactions contemplated hereby (including any amendment, waiver or other modification hereof

or of any other Loan Document) and Borrower has consulted its own legal, accounting, regulatory and tax advisors to the extent it has deemed appropriate. Borrower hereby waives and releases, to the fullest extent permitted by law, any claims that it may have against the Administrative Agent, the Arrangers and the Lenders with respect to any breach or alleged breach of agency or fiduciary duty.

**10.20 Judgment Currency.** If, for the purposes of obtaining judgment in any court, it is necessary to convert a sum due hereunder or any other Loan Document in one currency into another currency, the rate of exchange used shall be that at which in accordance with normal banking procedures Administrative Agent could purchase the first currency with such other currency on the Business Day preceding that on which final judgment is given. The obligation of Borrower in respect of any such sum due from it to Administrative Agent or any Lender hereunder or under the other Loan Documents shall, notwithstanding any judgment in a currency (the "**Judgment Currency**") other than that in which such sum is denominated in accordance with the applicable provisions of this Agreement (the "**Agreement Currency**"), be discharged only to the extent that on the Business Day following receipt by Administrative

Agent or such Lender, as the case may be, of any sum adjudged to be so due in the Judgment Currency, Administrative Agent or such Lender, as the case may be, may in accordance with normal banking procedures purchase the Agreement Currency with the Judgment Currency. If the amount of the Agreement Currency so purchased is less than the sum originally due to Administrative Agent or any Lender from Borrower in the Agreement Currency, Borrower agrees, as a separate obligation and notwithstanding any such judgment, to indemnify Administrative Agent or such Lender, as the case may be, against such loss. If the amount of the Agreement Currency so purchased is greater than the sum originally due to Administrative Agent or any Lender in such currency, Administrative Agent or such Lender, as the case may be, agrees to return the amount of any excess to Borrower (or to any other Person who may be entitled thereto under applicable law).

**10.21 Acknowledgement and Consent to Bail-In of Affected Financial Institutions.** Solely to the extent any Lender or Issuing Lender that is an Affected Financial Institution is a party to this Agreement and notwithstanding anything to the contrary in any Loan Document or in any other agreement, arrangement or understanding among any such parties, each party hereto acknowledges that any liability of any Lender or Issuing Lender that is an Affected Financial Institution arising under any Loan Document, to the extent such liability is unsecured, may be subject to the Write-Down and Conversion Powers of the applicable Resolution Authority and agrees and consents to, and acknowledges and agrees to be bound by:

- (a) the application of any Write-Down and Conversion Powers by the applicable Resolution Authority to any such liabilities arising hereunder which may be payable to it by any Lender or Issuing Lender that is an Affected Financial Institution; and
- (b) the effects of any Bail-In Action on any such liability, including, if applicable:
  - (i) a reduction in full or in part or cancellation of any such liability;
  - (ii) a conversion of all, or a portion of, such liability into shares or other instruments of ownership in such Affected Financial Institution, its parent undertaking, or a bridge institution that may be issued to it or otherwise conferred on it, and that such shares or other instruments of ownership will be accepted by it in lieu of any rights with respect to any such liability under this Agreement or any other Loan Document; or
  - (iii) the variation of the terms of such liability in connection with the exercise of the Write-Down and Conversion Powers of the applicable Resolution Authority.

**10.22 Acknowledgement Regarding Any Supported QFCs.** To the extent that the Loan Documents provide support, through a guarantee or otherwise, for any Swap Contract or any other agreement or instrument that is a QFC (such support, "**QFC Credit Support**", and each such QFC, a "**Supported QFC**"), the parties acknowledge and agree as follows with respect to the resolution power of the Federal Deposit Insurance Corporation under the Federal Deposit Insurance Act and Title II of the Dodd-Frank Wall Street

Reform and Consumer Protection Act (together with the regulations promulgated thereunder, the "U.S. Special Resolution Regimes") in respect of such Supported QFC and QFC Credit Support (with the provisions below applicable notwithstanding that the Loan Documents and any Supported QFC may in fact be stated to be governed by the laws of the State of New York and/or of the United States or any other state of the United States):

(a) In the event a Covered Entity that is party to a Supported QFC (each, a "Covered Party") becomes subject to a proceeding under a U.S. Special Resolution Regime, the transfer of such Supported QFC and the benefit of such QFC Credit Support (and any interest and obligation in or under such Supported QFC and such QFC Credit Support, and any rights in property securing such Supported QFC or such QFC

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Credit Support) from such Covered Party will be effective to the same extent as the transfer would be effective under the U.S. Special Resolution Regime if the Supported QFC and such QFC Credit Support (and any such interest, obligation and rights in property) were governed by the laws of the United States or a state of the United States. In the event a Covered Party or a BHC Act Affiliate of a Covered Party becomes subject to a proceeding under a U.S. Special Resolution Regime, Default Rights under the Loan Documents that might otherwise apply to such Supported QFC or any QFC Credit Support that may be exercised against such Covered Party are permitted to be exercised to no greater extent than such Default Rights could be exercised under the U.S. Special Resolution Regime if the Supported QFC and the Loan Documents were governed by the laws of the United States or a state of the United States. Without limitation of the foregoing, it is understood and agreed that rights and remedies of the parties with respect to a Defaulting Lender shall in no event affect the rights of any Covered Party with respect to a Supported QFC or any QFC Credit Support.

(b) As used in this Section 10.22, the following terms have the following meanings:

**"BHC Act Affiliate"** of a party means an "affiliate" (as such term is defined under, and interpreted in accordance with, 12 U.S.C. 1841(k)) of such party.

**"Covered Entity"** means any of the following: (i) a "covered entity" as that term is defined in, and interpreted in accordance with, 12 C.F.R. § 252.82(b); (ii) a "covered bank" as that term is defined in, and interpreted in accordance with, 12 C.F.R. § 47.3(b); or (iii) a "covered FSI" as that term is defined in, and interpreted in accordance with, 12 C.F.R. § 382.2(b).

**"Default Right"** has the meaning assigned to that term in, and shall be interpreted in accordance with, 12 C.F.R. §§ 252.81, 47.2 or 382.1, as applicable.

**"QFC"** has the meaning assigned to the term "qualified financial contract" in, and shall be interpreted in accordance with, 12 U.S.C. 5390(c)(8)(D).

**10.23 Amendment and Restatement; No Novation.** This Agreement constitutes an amendment and restatement of the Existing Credit Agreement, effective from and after the Effective Date. The execution and delivery of this Agreement shall not constitute a novation of any indebtedness or other obligations owing to the Lenders or Administrative Agent under the Existing Credit Agreement based on facts or events occurring or existing prior to the execution and delivery of this Agreement. On the Effective Date, the credit facilities described in the Existing Credit Agreement, shall be amended, supplemented, modified and restated in their entirety by the facilities described herein, and all loans and other obligations of Borrower outstanding as of such date under the Existing Credit Agreement, shall be deemed to be loans and obligations outstanding under the facility described herein, without any further action by any Person, except that Administrative Agent shall make such transfers of funds as are necessary in order that the outstanding balance of such loans and obligations reflect the respective Loans and Commitments of the Lenders hereunder in accordance with Schedule 2.1 (it being understood that to effect the Loans, Commitments and Applicable Percentages, as applicable, in accordance with Schedule 2.1, (x) all requisite assignments of commitments and/or loans shall be deemed to be made in such amounts among the Lenders and from each Lender to each other Lender, with the same force and effect as if such assignments were evidenced by applicable

Assignments and Assumptions (as defined in the Existing Credit Agreement) under the Existing Credit Agreement (but without the payment of any related assignment fee) and (y) the parties hereby consent to all reallocations and assignments of commitments and loans effected on the Effective Date pursuant to this Section 10.23 and waive any requirement for any other document or instrument, including any Assignment and Assumption (as defined in the Existing Credit Agreement) under the Existing Credit Agreement or any Assignment and Assumption hereunder, necessary to give effect to any reallocation or assignment).

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[Signature pages intentionally omitted]

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ANNEX B

**AMENDED EXHIBIT A**

*[See attached]*

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EXHIBIT A

**FORM OF REQUEST FOR EXTENSION OF CREDIT**

Date: \_\_\_\_\_, \_\_\_\_\_

To: Bank of America, N.A., as Administrative Agent

Ladies and Gentlemen:

Reference is made to that certain Amended and Restated Credit Agreement, dated as of September 3, 2020 (as amended, restated, extended, supplemented or otherwise modified in writing from time to time, the "Agreement," the terms defined therein being used herein as therein defined), among Reliance Steel & Aluminum Co., a Delaware corporation (the "Borrower"), the Lenders from time to time party thereto, and Bank of America, N.A., as Administrative Agent, Issuing Lender and Swing Line Lender.

The undersigned hereby requests (select one):

A Borrowing of [Revolving Credit (USD) Loans] [Revolving Credit (MC) Loans]

A Conversion or Continuation of [Revolving Credit (USD) Loans]  
[Revolving Credit (MC) Loans]

1. On \_\_\_\_\_ (a Business Day).

2. In the amount of \$\_\_\_\_\_.

3. Comprised of: \_\_\_\_\_.

[Type of Loan requested (e.g., Base Rate Loans, Term SOFR Loans, Alternative Currency Daily Rate Loans or Alternative Currency Term Rate Loans)]

4. In the following currency: \_\_\_\_\_.

5. For Term SOFR Loans or Alternative Currency Term Rate Loans: with an Interest Period of \_\_\_\_\_ months.

The [Revolving Credit (USD) Borrowing][Revolving Credit (MC) Borrowing] requested herein complies with the proviso to the first sentence of Section [2.1(a)][2.1(b)] of the Agreement. The undersigned hereby certifies that the following statements are true on the date hereof, and will be true on the above date, before and after giving effect and to the application of the proceeds of the Borrowing requested hereby:

(a) the representations and warranties of the Borrower contained in Section 5 of the Agreement are true and correct in all material respects as though made on and as of the above date (except to the extent such representations and warranties expressly refer to an earlier date, in which case they are true and correct as of such earlier date); and

(b) no Default or Event of Default has occurred and is continuing, or would result from such proposed Extension of Credit.

[Signature page to follow.]

2 For Revolving Credit (MC) Borrowings only.

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IN WITNESS WHEREOF, the undersigned has executed this Request for Extension of Credit as of the date first set forth above.

**RELIANCE STEEL & ALUMINUM CO.**

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

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The Company's principal affiliates are listed below. All other affiliates, if considered in the aggregate as a single affiliate, would not constitute a significant subsidiary.

#### SUBSIDIARIES OF REGISTRANT

(As of **February 28, 2023** February 29, 2024)

Admiral Metals Servicenter Company, Incorporated, a Massachusetts corporation  
 Acero Prime, S. de R.L. de C.V., a limited liability company formed under the laws of Mexico  
 Aleaciones Especiales de Mexico, S. de R.L. de C.V., a limited liability company formed under the laws of Mexico  
 Allegheny Steel Distributors, Inc., a Pennsylvania corporation  
 All Metal Services Limited, a private limited company formed under the laws of the United Kingdom  
 All Metal Services **India Private Limited**, a company limited by shares formed under the laws of India  
 All Metal Services Ltd. (Xi'an), a limited liability company formed under the laws of the People's Republic of China  
 All Metal Services (Malaysia) Sdn. Bhd., a private company limited by shares formed under the laws of Malaysia  
 All Metals Processing & Logistics, Inc., a Georgia corporation  
 All Metals Transportation and Logistics, Inc., a Georgia corporation  
 American Metals Corporation, a California corporation **also doing business as American Steel**  
 AMI Metals, Inc., a Tennessee corporation  
 AMI Metals Aero Services Ankara Havacılık Anonim Şirketi, a joint stock company formed under the laws of Turkey  
 AMI Metals Europe SPRL, a private limited liability company formed under the laws of Belgium  
 AMI Metals UK Limited, a private limited company formed under the laws of the United Kingdom  
 Best Manufacturing, Inc., an Arkansas corporation  
 CCC Steel, Inc., a Delaware corporation  
 Chapel Steel Corp., a Pennsylvania corporation  
 Chapel Steel Canada, Ltd., a corporation formed under the federal laws of Canada  
 Chatham Steel Corporation, a Georgia corporation  
 Clayton Metals, Inc., an Illinois corporation  
 Continental Alloys & Services Limited, a private limited company formed under the laws of the United Kingdom  
 Continental Alloys & Services (Malaysia) Sdn. Bhd., a private company limited by shares formed under the laws of Malaysia  
 Continental Alloys & Services Pte. Ltd., a private company limited by shares formed under the laws of Singapore  
 Continental Alloys Middle East FZE, a free zone establishment formed under the laws of the United Arab Emirates  
 Cooksey Iron & Metal Company, a Georgia corporation  
 Crest Steel Corporation, a California corporation  
 Diamond Manufacturing Company, a Pennsylvania corporation  
 DuBose National Energy Fasteners & Machined Parts, Inc., a North Carolina corporation  
 DuBose National Energy Services, Inc., a North Carolina corporation  
 Durrett Sheppard Steel Co., Inc., a California corporation  
 Earle M. Jorgensen Company, a Delaware corporation  
 Feralloy Corporation, a Delaware corporation  
 Ferguson Perforating Company, a Rhode Island corporation  
 Fox Metals and Alloys, Inc., a Texas corporation  
 Fry Steel Company, a California corporation  
 Infra-Metals Co., a Georgia corporation  
 KMS, Inc., a South Carolina corporation  
 Liebovich Bros., Inc., an Illinois corporation  
 Metals USA, Inc., a Delaware corporation  
 Metalweb Limited, a private limited company formed under the laws of the United Kingdom  
 National Specialty Alloys, Inc., a Delaware corporation  
 Northern Illinois Steel Supply Co., an Illinois corporation  
 Nu-Tech Precision Metals Inc., a corporation formed under the laws of Ontario, Canada  
 Pacific Metal Company, an Oregon corporation  
 PDM Steel Service Centers, Inc., a California corporation

Phoenix Corporation, a Georgia corporation **also doing business as Phoenix Metals Company**  
Precision Flamecutting and Steel, Inc., a Texas corporation  
Precision Strip Inc., an Ohio corporation  
Reliance Metalcenter Asia Pacific Pte. Ltd., a private company limited by shares formed under the laws of Singapore  
Reliance Metals Canada Limited, a corporation formed under the federal laws of Canada  
Rotax Metals Inc., a New York corporation  
Service Steel Aerospace Corp., a Delaware corporation  
Siskin Steel & Supply Company, Inc., a Tennessee corporation  
**Southern Steel Supply, LLC, a Tennessee limited liability company**  
Sugar Steel Corporation, an Illinois corporation  
Tubular Steel, Inc., a Missouri corporation  
United Pipe & Steel Corp., a Delaware corporation  
Valex Corp., a California corporation  
**Valex Korea Co., Ltd., a corporation formed under the laws of the Republic of South Korea**  
**Valex** Semiconductor Materials (Zhejiang) Co., Ltd., a limited liability company formed under the laws of the People's Republic of China  
**Valex Korea Co., Ltd., a corporation formed under the laws of the Republic of South Korea**  
Viking Materials, Inc., a Minnesota corporation  
Yarde Metals, Inc., a Connecticut corporation

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#### EXHIBIT 23

##### **Consent of Independent Registered Public Accounting Firm**

We consent to the incorporation by reference in the registration statements on Form S-3 (Nos. 333-187666 and 333-240139), Form S-4 (No. 333-139790), and Form S-8 (Nos. 333-136290, 333-147226, 333-202783, 333-204295, 333-204670 and 333-251300) of our reports dated **February 28, 2023****February 29, 2024**, with respect to the consolidated financial statements and financial statement schedule of valuation and qualifying accounts of Reliance, **Steel & Aluminum Co. and subsidiaries Inc.** and the effectiveness of internal control over financial reporting.

/s/ KPMG LLP

Los Angeles, California  
February **28, 2023****29, 2024**

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#### EXHIBIT 31.1

##### **CERTIFICATION OF PRINCIPAL EXECUTIVE OFFICER PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Karla R. Lewis, hereby certify that:

1. I have reviewed this annual report on Form 10-K of Reliance, **Steel & Aluminum Co., a Delaware corporation** (the "Company"), for the year ended **December 31, 2022****Inc.**;

2. Based on my knowledge, this annual report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - (a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - (b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - (c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - (d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent function):
  - (a) all significant deficiencies and material weaknesses in the design or operation of internal controls over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - (b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: **February 28, 2023** **February 29, 2024**

*/s/* Karla R. Lewis

Karla R. Lewis

*President and Chief Executive Officer*

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**EXHIBIT 31.2**

**CERTIFICATION OF PRINCIPAL FINANCIAL OFFICER**

**PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Arthur Ajemyan, hereby certify that:

1. I have reviewed this annual report on Form 10-K of Reliance, Steel & Aluminum Co., a Delaware corporation (the "Company"), for the year ended December 31, 2022 Inc.;
2. Based on my knowledge, this annual report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) 13a-15I and 15d-15(e)) 15d-15I) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - (a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - (b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - (c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - (d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent function):
  - (a) all significant deficiencies and material weaknesses in the design or operation of internal controls over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - (b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: **February 28, 2023** February 29, 2024

/s/ Arthur Ajemyan

Arthur Ajemyan

*Senior Vice President and Chief Financial Officer*

**Certification**

**Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002**  
**(Subsections (a) and (b) of Section 1350, Chapter 63 of title 18, United States Code)**

Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (Subsections (a) and (b) of Section 1350, Chapter 63 of title 18, United States Code) (the "Act"), each of the undersigned officers of Reliance, Steel & Aluminum Co. Inc., a Delaware corporation (the "Company"), does hereby certify that:

The Annual Report on Form 10-K for the year ended December 31, 2022 December 31, 2023 (the "Annual Report") of the Company fully complies with the requirements of Section 13(a) of the Securities Exchange Act of 1934 (15 U.S.C. 78m or 780(d)) and information contained in the Annual Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Karla R. Lewis

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Karla R. Lewis

*President and Chief Executive Officer*

/s/ Arthur Ajemyan

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Arthur Ajemyan

*Senior Vice President and Chief Financial Officer*

Date: February 28, 2023 February 29, 2024

A signed original of this written statement required by Section 906 has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.

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Exhibit 97.1

**RELIANCE STEEL & ALUMINUM CO.**

**AMENDED & RESTATED COMPENSATION RECOVERY POLICY**

This Policy shall apply to any Incentive Compensation received on or after October 2, 2023. This Policy amends, restates and supersedes any prior corporate policy addressing recoupment of compensation from corporate officers following an Accounting Restatement.

**STATEMENT OF POLICY**

Subject to the exceptions set forth below, following an Accounting Restatement, Reliance Steel & Aluminum Co. (the "Company") shall recover reasonably promptly the amount of Incentive Compensation received during the Recoupment Period by any Covered Executive that exceeds the Incentive Compensation that would have been received by such Covered Executive taking into account the Accounting Restatement (calculated on a pre-tax basis).

This Policy, as may be amended from time to time by the Board, will apply to all Incentive Compensation received during the Recoupment Period by a person (a) after beginning service as a Covered Executive, (b) who served as a Covered Executive at any time during the performance period for that Incentive Compensation and (c) while the Company has a class of securities listed on the New York Stock Exchange ("NYSE") or another national securities exchange or a national securities association. Accordingly, this Policy can apply to a person that is no longer a Company employee or a Covered Executive at the time of recovery.

Incentive Compensation is deemed "received" for purposes of this Policy in the fiscal period during which the measure specified in the Incentive Compensation award is attained, even if the payment or issuance of such Incentive Compensation occurs after the end of that period. For example, if the performance target for an award is based on total stockholder return for the year ended December 31, 2023, the award will be deemed to have been received in 2023 even if paid in 2024.

#### *Exceptions*

The Company shall not be required to recover Incentive Compensation pursuant to this Policy if the Compensation Committee (the "Committee") has made a determination that recovery would be impracticable and at least one of the following conditions are met:

- (a) after making a reasonable and documented attempt to recover erroneously awarded Incentive Compensation, the Committee determines that the direct expenses that would be paid to a third party to assist in enforcing the Policy would exceed the amount to be recovered; or
- (b) based on a legal opinion of counsel acceptable to the NYSE, the Committee determines that recovery would violate a home country law adopted prior to November 28, 2022; or
- (c) the Committee determines that recovery would likely cause an otherwise tax-qualified retirement plan, under which benefits are broadly available to employees of the Company, to fail to meet the requirements of 26 U.S.C. 401(a)(13) or 26 U.S.C. 411(a) and regulations thereunder.

#### **ADMINISTRATION**

This Policy is intended to comply with the listing requirements of the NYSE and related SEC rules and shall be interpreted in a manner consistent with those requirements. The Committee has full authority to interpret and administer this policy. The Committee's determinations under the policy shall be final and binding on all persons and shall be given the maximum deference permitted by law. If the Committee cannot determine the amount of excess Incentive Compensation received by a Covered Executive directly from the information in the Accounting Restatement, such as in the case of Incentive Compensation

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tied to stock price or total stockholder return, then it shall make its determination based on a reasonable estimate of the effect of the Accounting Restatement and shall maintain documentation of such determination.

#### **NO INDEMNIFICATION OR ADVANCEMENT OF LEGAL FEES**

The Company shall not indemnify any Covered Executives against, nor pay the premiums for any insurance policy to cover, any amounts recovered under this Policy or any expenses that a Covered Executive incurs in opposing Company efforts to recoup amounts pursuant to the Policy.

#### **NON-EXCLUSIVE REMEDY**

Recoupment of Incentive Compensation pursuant to this Policy shall not in any way limit or affect the rights of the Company to pursue disciplinary, legal, or other action or pursue any other remedies available to it. This Policy shall be in addition to any rights of the Company to recoup Incentive Compensation from Covered Executives under applicable laws and regulations, including but not limited to the Sarbanes-Oxley Act of 2002, as amended, or pursuant to the terms of any employment agreement, equity award agreement, or similar agreement with a Covered Executive.

#### CERTAIN DEFINITIONS

**"Accounting Restatement"** means the Company is required to prepare an accounting restatement due to the material noncompliance of the Company with any financial reporting requirement under the securities laws, including any required accounting restatement to correct an error in previously issued financial statements that is material to the previously issued financial statements, or that would result in a material misstatement if the error were corrected in the current period or left uncorrected in the current period. For the avoidance of doubt, a restatement resulting solely from the retrospective application of a change in generally accepted accounting principles is not an Accounting Restatement.

**"Covered Executive"** shall mean the Company's Chief Executive Officer, President, Chief Operating Officer, Chief Financial Officer, principal accounting officer (or if there is no such accounting officer, the controller), any vice-president of the Company in charge of a principal business unit, division, or function, any other officer who performs a policy-making function for the Company, any other person who performs similar policy-making functions for the Company, and any other employee who may from time to time be deemed subject to this Policy by the Committee.

**"Incentive Compensation"** means any compensation that is granted, earned, or vested based wholly or in part upon the attainment of a financial reporting measure. For purposes of this definition, a *"financial reporting measure"* is (i) a measure that is determined and presented in accordance with the accounting principles used in preparing the Company's financial statements or derived wholly or in part from such measures, or (ii) the Company's stock price or total stockholder return.

**"Recoupment Period"** means the three completed fiscal years preceding the Trigger Date.

**"Trigger Date"** means the earlier to occur of: (a) the date the Board of Directors, the Audit Committee, or the officer or officers of the Company authorized to take such action concludes, or reasonably should have concluded, that the Company is required to prepare an Accounting Restatement; or (b) the date a court, regulator, or other legally authorized body directs the Company to prepare an Accounting Restatement.

**Approved and Adopted by the Compensation Committee of the Board of Directors on October 4, 2023.**

#### DISCLAIMER

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